THE Freeman

IDEAS ON LIBERTY

SEPTEMBER 1962

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DEFINING FREEDOM

EDMUND A. OPITZ

FREEDOM cannot be successfully defended in practice by a people who are uncertain about the theory of freedom. Freedom's first line of defense is correct understanding, and an important part of understanding — whatever the subject matter — is proper definition. Attacks on freedom by its enemies are promptly recognized, and tend to rally freedom's friends to its defense. Defective definitions of freedom by its friends, on the other hand, may do the cause infinite damage; their faulty explanations of freedom may succeed only in explaining it away.

Rigorous definition is never simple or easy, and there is a sort of Gresham's Law at work in the intellectual sphere: Over-simplified explanations tend to drive out the complex and gain popular acceptance for themselves. Nature always seeks out the hidden flaw, and a bad definition is a crack through which good ideas may leak away.

Freedom is a complicated subject. How, otherwise, can we account for the fact that human beings have enjoyed so little of it in the course of their checkered history upon this planet? In trying to explain the limited amount of freedom they have enjoyed, men have concocted scores of mutually inconsistent definitions of it. The most popular definition of freedom, the one that comes first to mind, is, as we would expect,

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also the simplest: "Freedom is the absence of restraint." Nothing, at first glance, sounds more straightforward, but analysis reveals that the freedom so defined is equally compatible with unfreedom. "Unrestraint" is the absence of restraint, unquestionably, but is mere "unrestraint" to be equated with human freedom?

Inner Psychological vs. Outer Sociological Restraints

Restraints fall into two major categories; outer or sociological, and inner or psychological. It follows, then, that ideal "freedom" (of the sort envisioned by the above definition) is the course of conduct which results when a sudden whim or caprice, meeting no psychological checks within, is immediately obeyed and carried through to a conclusion without external hindrances. A man is "free" – according to the above definition – when his impulses are given uninhibited expression. For instance, a man is seized by an urge to heave a bottle of champagne into the chandelier and does so forthwith. When asked to explain his actions, he replies: "Well, it just seemed like a good thing to do at the time." This is certainly unrestrained action, and in terms of the above definition, the bottle thrower is the free man *par excellence.*

Some of us would want to raise a few questions about the so-called freedom of the man whose spontaneous impulse results in this kind of conduct – even though it was his own bottle heaved into his own chandelier in an otherwise empty room. A man who is incapable of resisting his own impulses, who is under the sway of "the dark gods of the blood," whose higher faculties of reason and will are no longer in control of the decision-making process does not conform to our picture of a free man. Quite the contrary! He is a man suffering from an emotional derangement, a man who can only react, having lost the power to act. Initiative is out of his hands and he is a thing moved rather than a free agent. Political liberty he may have, if he inhabits a free society, but it stretches a point to the breaking to regard him as a fully free man. Inner restraints are those which a man imposes on himself. Random impulses, urges, compulsions, twitches, and tics are sorted, graded, and policed – so to speak – by the will, the intelligence, and the higher sensibilities. When the intelligence fails, or the will caves in, or judgment is lacking, the individual has lost control of himself; something else has taken charge, and he is not free in any intelligible meaning of that word.

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Consideration for Others

Let's leave the inner world to the psychologists and move into the outer world, back into the room with our bottle thrower. The definition we are analyzing stipulates no conditions except "absence of restraint." Suppose now that the bottle thrower is not alone in his own home; he throws someone else's bottle of champagne, in another man's house, and in a roomful of people. He is unrestrained, in other words, by respect for the property and persons of other people. And if freedom is simply "absence of restraint" – as this definition holds – then a man who is restrained by a due respect for the rights of other men to their persons and their property is not free!

Rather than freedom being the mere absence of restraints we begin to see that freedom is indeed the acknowledgment of certain kinds of restraints – or constraints. Inwardly, a man is free when he is self-determined and self-controlling. Outwardly, a man is free in society – enjoys political liberty – when the limitations he accepts for his own actions are *no greater than needed to meet* the requirement that every other individual have like liberty.

The Classic Liberals sought a Law of Equal Liberty: Each man is free to do whatever does not impair the equal freedom of any other man. This rule is based on the assumption that each person has prerogatives which no other may impair, such personal immunities being usually spoken of as "rights." Ethical behavior is conduct which respects these "rights"; and the law properly comes into play whenever these "rights" are violated. There can be no genuine freedom unless men generally recognize the limitations placed on each man's actions by consideration for the persons and property of other men.[1]

Such consideration is virtually an acknowledgment of a moral order. Men are swayed by instinct and impulse, as are animals, but in addition, they are equipped with the means of checking these drives in order to permit a moral imperative to come into play. "Ought" plays a role in human life which has no counterpart in the animal world. "I want to do this but I ought to do that," voices a common phase of the decision-making process. The "ought" does not always win out, because human motivation is exceedingly complex. But duty and

[1] "Liberty does not and cannot include any action, regardless of sponsorship, which lessens the liberty of a single human being." Leonard E. Read, *Government—An Ideal Concept* (Irvington-on-Hudson, N. Y.: Foundation for Economic Education, 1954).

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obligation do exert a restraining influence on impulse and interest, and individual liberty fares ill when men refuse to acknowledge the restraints imposed by the existence of a moral order.

Contract vs. Status

Then there are contracts. In the older societies of status, where each man had an assigned place in the hierarchy – the level on which his ancestors had lived – the idea of individual liberty had rough going. It was only when status gave way to contract that men had the freedom to move up or down the social ladder according to ability, to seek that place in society which accorded with their peers' judgment of individual merit. A contract society and the system of liberty are, for all practical purposes, equivalent terms. A contract is a give-and-take arrangement, and so, while one side of the contract equation may open up opportunities, the other imposes restraints. John Doe borrows money today and lives it up for the next six months. His note comes due a year from today and he has a legal, as well as a moral, obligation to meet its terms, however much they might seem to cramp his style. Modern society is sustained by an intricate network of contracts in which each of us is enmeshed. Their terms restrain us at a score of points; but unless we willingly embrace these restraints, we lend our weight to society's slide back into a condition of status. Contractual restraints are a condition of individual liberty.

The view which defines liberty as the mere "absence of restraint" may be well-meaning, but that is the best one can say about it. It is a definition which permits, and even encourages, the substance of liberty to leak away. It undermines the sanctity of person and property, it ignores the moral order, and it undercuts the system of contracts. The truly free man is not a captive of his impulses; he controls his own actions so as not to impair the equal rights of others to their persons and their property; he is constrained by moral considerations; and he is meticulous about his contractual obligations. Such a pattern of conduct is not accurately described by the simple label, "unrestrained." ◈

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The Old Regime

SAMUEL B. PETTENGILL

Though he had supported the Roosevelt campaign objectives in 1932, the Democratic Congressman from Indiana, Samuel B. Pettengill, found himself strongly opposed to many of the methods of the "New Deal." In 1938 his book, Jefferson, The Forgotten Man *(published by America's Future, Inc. of New York), set forth the reasons for his opposition. The following excerpts, comparing the New Deal with the Old Regime of prerevolutionary France, seem especially worthy of repetition in 1962.*

METHODS AND FORMS were important to Thomas Jefferson. He did not believe liberal ends could be attained by illiberal means, nor a democratic result by a dictatorial method.

So let us discuss "methods." It will be found that certain methods urged today have their counterpart in the past – a past that Jefferson rejected.

These precedents may be found in the history of many centuries. With them Jefferson had a profound acquaintance. Their development in England led to the great Declaration of 1776. Here the "objective" was "Life, Liberty and the pursuit of Happiness." The break with England took place because the "*form* of Government" became "destructive of these *ends*."

The Situation in France

Let us consider conditions in France which preceded the Terror of the 1790's, the beginnings of which Jefferson saw with his own eyes during his five years' residence there as Minister, 1784-1789.

Our authority is the great Frenchman, Alexis de Tocqueville (author of the famous *Democracy in America*), in his book on his own country, *The Old Regime and the Revolution.* The following paragraphs in quotes are from this notable book. Please observe

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that it was written in 1856. This absolves it of any charge of bias or partisanship in today's politics. Nevertheless, these paragraphs seem like items from the daily papers:

"The law obliged no man to take care of the poor in the rural districts; the central government boldly assumed charge of them."

"Not content with aiding the peasantry in times of distress, the central government undertook to teach them the art of growing rich, by giving them good advice, and occasionally by resorting to compulsory methods."

"Orders were passed prohibiting the cultivation of this or that agricultural produce in lands which the Council considered unsuited to it. Others required that vines planted in what the Council regarded as bad soil should be uprooted. To such an extent had the government exchanged the duties of sovereign for those of guardian."

"Some reduction of the burdens which weighed on agriculture would probably have proved more efficacious; but this was never contemplated for a moment."

"You have neither Parliament, nor estates, nor governors; nothing but thirty masters of requests, on whom, so far as the provinces are concerned, welfare or misery, plenty or want, entirely depend."

"The government had a hand in the management of all the cities in the kingdom, great and small. It was consulted on all subjects, and gave decided opinions on all; it even regulated festivals. It was the government which gave orders for public rejoicing, fireworks, and illuminations."

"Municipal officers were impressed with a suitable consciousness of their nonentity."

"The church, which a storm had unroofed, or the presbytery wall which was falling to pieces, could not be repaired without a decree of Council. This rule applied with equal force to all parishes, however distant from the capital. I have seen a petition from a parish to the Council praying to be allowed to spend twenty-five livres."

"Under the old regime, as in our own day, neither city, nor borough, nor village, nor hamlet, however small, nor hospital, nor church, nor convent, nor college, could exercise a free will in its private affairs, or administer its property as it thought best. Then, as now, the administration was the guardian of the whole French people; insolence had not yet invented the name, but the thing was already in existence."

"Ministers are overloaded with business details. Everything is done by them or through them, and

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if their information be not coextensive with their power, they are forced to let their clerks act as they please, and become the real masters of the country." (The bureaucracy of the eighteenth century.)

"Judges whose position was beyond the king's reach, whom he could neither dismiss, nor displace, nor promote, and over whom he had no hold either by ambition or by fear, soon proved inconvenient." (As they did in 1937.)

"A very extensive machinery was requisite before the government could know every thing and manage every thing at Paris." (Just as at Washington!) "The amount of documents filed was enormous, and the slowness with which public business was transacted such that I have been unable to discover any case in which a village obtained permission to raise its church steeple or repair its presbytery in less than a year. Generally speaking, two or three years elapsed before such petitions were granted." (The modern name is "red tape.")

"A marked characteristic of the French government, even in those days, was the hatred it bore to every one, whether noble or not, who presumed to meddle with public affairs without its knowledge. It took fright at the organization of the least public body which ventured to exist without permission. It was disturbed by the formation of any free society. It could brook no association but such as it had arbitrarily formed, and over which it presided. Even manufacturing companies displeased it. In a word, it objected to people looking over their own concerns, and preferred general inertia to rivalry." (Competition.)

"It seldom undertook, or soon abandoned projects of useful reform which demanded perseverance and energy, but it was incessantly engaged in altering the laws. Repose was never known in its domain. New rules followed each other with such bewildering rapidity that its agents never knew which to obey of the multifarious commands they received."

"Nobody expected to succeed in any enterprise unless the state helped him. Farmers, who, as a class, are generally stubborn and indocile, were led to believe that the backwardness of agriculture was due to the lack of advice and aid from the government." (How familiar this sounds!)

"Government having assumed the place of Providence, people naturally invoked its aid for their private wants. Heaps of petitions were received from persons who wanted their petty private ends served, always for the public good."

"Sad reading, this: Farmers

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begging to be reimbursed the value of lost cattle or horses; men in easy circumstances begging a loan to enable them to work their land to more advantage; manufacturers begging for monopolies to crush out competition; businessmen confiding their pecuniary embarrassments to the intendant, and begging for assistance or a loan. It would appear that the public funds were liable to be used in this way."

"The local franchises of the rural districts were fading away, all symptoms of independent vigor were vanishing, provincial characteristics were being effaced, the last flicker of the old national life was dying out."

"France is nothing but Paris and a few distant provinces which Paris has not yet had time to swallow up."

All this de Tocqueville wrote in 1856. He summed it up as follows:

"History, it is easily perceived, is a picture-gallery containing a host of copies and very few originals."

So much from the great Frenchman writing of his own land under the Old Regime. Change "Paris" to "Washington," "provinces" to "states," and "France" to "the United States," and de Tocqueville has painted with marvelous precision our country in the year 1938 [or 1962].

Jefferson's Observations on the Situation in France

Now let us turn to Jefferson, who was in France immediately following our own Revolution of 1776 and just before the French Revolution broke out. What did Jefferson think of all this as he went from house to house observing the life of the rich and the poor, looking in their kitchens and kettles to see what they had to eat and asking how much they produced, what taxes they paid, what lives they lived. I quote what he said:

"Never was there a country (France) where the practice of governing too much had taken deeper root and done more mischief."

"As for France and England with all their pre-eminence in science, the one is a den of robbers, the other of pirates."

"Nor should we wonder at the pressure (for a new constitution in France in 1788-89) when we consider the monstrous abuses of power under which these people were ground to powder, the enormous expenses of the Queen, the Princes and the Court, the shackles on industry by guilds and corporations."

"It is urged principally against the King that his revenue is one hundred and thirty millions more than that of his predecessor and

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yet he demands one hundred and twenty millions further."

"The consternation is as yet too great to let us judge of the issue. It will probably ripen the public mind to the necessity of a change in their constitution and to the substituting the collected wisdom of the whole in place of a single will by which they had been hitherto governed. It is remarkable proof of the total incompetency of a single head to govern the nation well, when, with a revenue of six hundred millions they are led to a declared bankruptcy, and to stop the wheels of government even in its essential movements, for want of money."

"You have heard of the peril into which the French Revolution is brought by the flight of their King. Such are the fruits of that form of government which heaps importance on idiots and of which the tories of the present day are trying to preach into our favor."

Jefferson believed as a cardinal principle of government that it should be decentralized. He had witnessed at firsthand both at home and in France the evils, the abuses, and the dangers of a concentrated government.

The Urge To Govern

Such was the regimentation of the eighteenth century, known to economists as "mercantilism," and to others as paternalism. It is often supposed that government was simple "in the good old days"; that it was simple because no other kind was necessary, and that centralization of control and bureaucratic regimentation at the nation's capital has existed only since, and only because of, the "economic integration" of the network of radios, railroads, telegraphs, fast-moving transport, and all the paraphernalia of modern science and technology.

The contrary is the truth. The itch to govern is an ancient and hereditary disease and laid its heavy hand on the simplest affairs of the smallest village two centuries ago.

"I have myself counted in a provincial town of no great size in the year 1750, the names of 109 persons engaged in administering justice, and 126 more busy in executing their orders," observed de Tocqueville.

A free market is not an unregulated market, as those contend who itch to rule the lives of other men. Every market needs regulation in the public interest. But in a free market competition is the great regulator. It prevents price gouging. It improves quality. It forbids quantity limitation. It gives the consumer most and best for least.

The only other regulator is the

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policeman. He is personal. Competition is impersonal. The one can be "reached." His judgments can be controlled. We childishly say "pass a law." The Romans were wiser. They said, "Who will watch the watchman?"

With the worst record in the civilized world in dealing with crime we are still crazy enough to want to turn over to more politicians more and more power to control more and more men. In doing so we set up more tribute-takers and tollgatherers along more trade routes. We subsidize politics at the expense of business, production, employment.

After seeing enormous tolls collected from the lesser businesses of liquor, race tracks, dance halls, red light districts, prize fighting, wrestling, slot machines, road building, municipal supplies, even school books for our children, we hanker and yearn to place all business, all trade, all agriculture, transportation, banking, mining, and so forth, under the rule of the politician!

The men who argue for this sort of "control," instead of the competition of the market place, are the New Tories. They are not liberals. They are not progressives. They are taking us straight back to the Old Regime described by de Tocqueville and Jefferson. ◈

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PAUL L. POIROT

EVEN THE EXPERTS may be wrong, and a May 1962 commentary from the Smith Kline & French Laboratories cites these examples:

"For centuries men dreamed of flying. But experts were skeptical. Baron Gottfried Wilhelm von Leibnitz, the German philosopher-mathematician, doubted that men would ever fly: 'Here God has, so to speak, put a bar across man's path.' The French astronomer Joseph Lalande demonstrated that flight was a scientific impossibility.

"After George Stephenson's locomotives reached the speed of 30 miles an hour, the Munich College of Physicians issued an earnest warning against railway travel. Trees and houses flashing past the eyes would bring on headaches and vertigo. In England it was predicted that traveling at 30 miles an hour would cause insanity.

"When Samuel Clegg proposed to light the streets of a London borough with gas, the borough council vetoed his plan. Expert scientific opinion maintained a filled 'gasometer' was hazardous. Lighting a jet might cause all the gas in the tank to explode, reducing the city to ruins.

" 'Impossible,' said electrical engineers when Alexander Graham Bell began his experiments with the telephone in 1874. 'This is the triumph of folly.' Contemporaries saw Bell not as a genius, but as a troublesome youngster who neglected his professional duties to follow a will-o'-the-wisp."

The commentary then questioned the advisability of pro-

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posed legislation that would give the Secretary of Health, Education, and Welfare the power to pass on the effectiveness of new drugs. This might postpone indefinitely vital contributions to the health of our nation.

Broader Implications

The point is well taken with reference to drugs, but it has broader implications involving many other facets of our lives. The course of progress would be slow indeed if every innovation of man had first to be approved by the government. As B. E. Kline and N. H. Martin point out: "the chief characteristic of the command hierarchy, or any group in our society, is not knowledge but ignorance. Consider that any one person can know only a fraction of what is going on around him. Much of what that person knows or believes will be false rather than true. . . . At any given time, vastly more is not known than is known, either by one person in a command chain or by all the organization. It seems possible, then, that in organizing ourselves into a hierarchy of authority for the purpose of increasing efficiency, we may really be institutionalizing ignorance. While making better use of what the few know, we are making sure that the great majority are prevented from exploring the dark areas beyond our knowledge."[1]

A Device for Learning

While it is true that even the experts may be wrong, this is not to deny that a healthy skepticism is a desirable human trait. It is a device for learning, as well as a protection against unwise schemes others would foist upon us. And without a good measure of enlightened skepticism, one stands faint chance of becoming an expert in any field.

Therein lies the greatest damage from socialism or any other compulsory government control of our lives. Such systems breed mediocrity and preclude the emergence or ascendancy of the wise. The notion that no drug is fit for use until government has given its stamp of approval finds its corollary in the view that everything the government recommends is unquestionably safe and acceptable. When eternal vigilance gives way to passive approval of "the guaranteed life," the blessings of liberty are lost – and with them goes man's best hope for safety, security, and progress.

As Professor F. A. Hayek suggests in *The Constitution of Liberty* (page 29): ". . . the case

[1] "Freedom, Authority and Decentralization," *Harvard Business Review* XXXVI (1958), p. 70.

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for individual freedom rests chiefly on the recognition of the inevitable ignorance of all of us concerning a great many of the factors on which the achievement of our ends and welfare depends."

Witness the Failures

Around the world is abundant testimony to the failure of compulsory collectivism to yield the security and progress promised by political leaders. The more complex the five-year plans and regulations and controls – the more highly institutionalized the ignorance – the more anxious seem the "beneficiaries" to escape to the comparative freedom outside the curtains and walls. Witness those who have risked their lives at the Berlin Wall, or those driven by starvation in Red China to refuge in Hong Kong, or those fleeing from Castro's Cuba to Miami and other havens. Witness the flight of doctors from Britain's National Health Service, the flight of private capital and managerial talent and skilled personnel from any nationalized industry or enterprise or profession. Witness the shortage of food that inevitably follows agrarian reform, the shortage of housing in rent-controlled Paris and other cities and countries where government has taken charge, the shortage of coal in Newcastle when British mines are nationalized, the scarcity of everything consumers want as soon as government attempts to give "to each according to need."

Nor need we look abroad for examples of the dismal failure of compulsory collectivism; plenty of evidence is to be found in the United States of America.

What security have farmers found in surrendering to government the freedom to choose when to sow and when to reap? What greater waste of natural resources, of capital and human effort, has ever occurred in any land at any time than in the name of agricultural conservation and soil bank programs which leave hanging over the market unmanageable stockpiles of wheat, corn, cotton, peanuts, tobacco, and other farm products? How many American farmers today believe this to be a safe way to earn a livelihood? And what safety or security does agricultural price and production control afford the consumers of food and fiber? Or, those who pay the taxes?

How safe is it to be in business in a tariff-protected industry, or one favored by import quotas against competing foreign goods? How safe to be a franchised, regulated, and controlled railroad or airline or communications facility or any other "public utility"? How safe to be a supplier or distribu-

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tor of power and light, dependent on TVA or REA or some other government agency for the other end of the service?

How safe is government-approved fluoridation of the water supply? Or mass innoculation against smallpox or polio? Are cigarettes with government-approved advertising slogans safer than some other brand? Does the government stamp of approval truly relieve suppliers and consumers of foods and drugs of any further responsibility concerning their use?

How safe from exploitation are workmen obliged by government regulation to join a union and abide by its rules to gain or hold a job? How safe are potential employees who can't find employers willing or able to hire them at the government-decreed minimum wage? How safe is the promise of unemployment compensation from a government unable to balance its own budget? How safe the promise of old age benefits solely contingent upon the willingness of younger taxpayers to forever foot the bill?

Indeed, how safe is any promise or bond payable in dollars of constantly diminishing buying power? How sound is a dollar, anyway, under a deficit-spending government that pushes its obligations through the controlled fractional reserve banking system to more or less continuously and arbitrarily expand the supply of money and credit? And how safe is a man's life when his property may thus be diminished indirectly, if not taken directly, by a government that respects few if any of its constitutional bounds? How safe are we in using the force of government to get "our share" on grounds that "everyone else is doing it"? How safe can one be if he abandons personal obligations and responsibilities and votes to have the policeman take charge of "life, liberty, and the pursuit of happiness"? Since when is it safe to thus "institutionalize ignorance" and back it with guns?

Even the experts may be wrong; and the price of freedom is a healthy skepticism about turning over to them the political power to rule one's life. ◈

IDEAS ON LIBERTY

Self-Reliance

THE GREATER a man's freedom, the more does he become dependent on himself, and well-disposed toward others.

WILHELM VON HUMBOLDT

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INDIVIDUAL LIBERTY in the CRUCIBLE of HISTORY

CLARENCE B. CARSON

AMERICANS came upon the road to collectivism by diverse ways and from many paths. The signs that pointed toward this broad road filled seeker's hearts with hope by such disarming labels as "General Welfare," "Social Justice," "Economic Security," and "Freedom from Want." Some came in large groups which had been organized to advance special interests, while others came as individual stragglers. There were those drawn from the path of liberty by the siren song of utopian reformers. Tender-hearted men turned toward collectivism in the belief that it offered the best hope of alleviating the suffering which they saw or read about. The obstacles in the path of liberty – the difficulties in the way of achieving economic independence, the hardships of the individual route to personal fulfillment – convinced many of the "necessity" for joint effort. Budding intellectuals discovered a new faith in the organic conception of society, and the unsuccessful could excuse their failures as

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Dr. Carson has recently transferred from Jacksonville State College in Alabama to his new post as Professor of American History at Grove City College in Pennsylvania. This is the fifth of six articles in a series on *Individual Liberty in the Crucible of History*. The sixth and concluding one, "A Rebirth of Liberty," appears next month.

Illustration: Tower of Old North Church, Boston. A. Devaney, Inc., New York.

5. The Road to Collectivism

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the fault of society. The destitute succumbed easily to the explanation that they were victims of oppression. Some men may be honestly convinced that they know what is best for all of us; at any rate, collectivism offered a mode for reformers and planners – men caught in the grip of a compelling vision – to use government to embody their ideas in law and practice. By these and other paths did Americans gather upon the road to collectivism.

Historically, however, the shift to collectivism was made in the following manner. Men organized themselves in interest groups for the pursuit of common goals. They included such groupings as farmer alliances, labor unions, business associations, and professional organizations. These organizations frequently sought privileged status at law, and to bring the force of government to bear upon Americans to make them accede to their demands. When they succeeded, they contested with one another for superior position, and preyed upon both unorganized individuals and other groups as well. This neofeudal system (strangely enough, many "liberals" called it *progress* where labor unions were concerned) created a situation rife for the United States government to step in and "adjust" these demands in the public interest. This last is the face that collectivism presents in our day.

So stated, the development appears logical and "inevitable." Is there anything strange or irregular about men grouping together to advance common interests? What could be more appropriate than the harmonization of conflicting interests by action of the national government? Is not a part of American freedom the freedom of men to associate for common ends? Was not the republican government of these United States erected to resolve the conflicts among contending parties and to "promote the general welfare"? In short, have we not come to collectivism by a logical extension of the very ideas which informed the Constitution and have for all its days been a part of the American tradition? Or, did we reach collectivism by evading the Constitution and a profound departure from the American tradition?

Transitional Movements

These questions are of such moment for everyone – not just for historians – that they must be answered very carefully. Let us search out in our history those transitional movements from individualism to collectivism. By uncovering them, we should be able

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to decide how we came to this pass within a proclaimed framework of constitutionalism and a never-announced departure from liberty. What was done to effect the change is important, if the information is to be useful in finding our way back to liberty.

The Trouble with Groups

The mere existence of groups and organizations in a society is no indication that collectivism prevails. Alexis de Tocqueville noted in the first half of the nineteenth century that Americans were prone to the formation of all sorts of groups. Freedom to associate for common purposes *is* a basic freedom which to prohibit would be to circumscribe severely the liberty of the individual. The social and charitable functions of such groups can and have ameliorated the severities of individual responsibility and helped the individual to undertake what he could not do alone.

Associations become a matter of public concern primarily when they use force or coercion in pursuit of their ends. So long as the individual can join and quit a group voluntarily, so long as the group is inhibited (by law and fear of punishment) from forcing its way upon others, no great harm need result from its existence. In practice, when groups have no special exemptions or privileges in law and cannot use the power of government to force others to yield to them, individual liberty can prevail regardless of the number and variety of groups in our midst.

By turning these last two points around, it is possible to see what collectivism is. It is the institution of group force to attain the goals of groups within a society. That this is usually done in the name of society should not mislead us, for where men are free there will be conflicts as to goals, and no man's interests are fully merged with that of society. It can be shown, of course, that every man should be interested in protection from the use of force upon him, but beyond that men will have interests and interpretations quite divergent from one another. For these reasons, collectivism must always be nothing more than forcing the interests of some upon all. The thrust of collectivism is to merge all men into a common mass. For it is only by ignoring or lopping off all that is unique in the individual and dealing with that which is common to all men that collectivism can be justified.

The difference between a collectivistic society and an individualistic one can be succinctly stated. Where individual liberty is the

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goal, the government will exist, in considerable part, to *disarm* collectives. In a collectivist society, government will act to *empower* groups. The shift for America, then, came at those points when governments ceased to disarm groups effectively and began to empower them.

To Disarm Collectives

That the Constitution of these United States was designed to disarm collectives and prevent them from using the power of government to work their ends is attested to by no less an authority than the Father of the Constitution, James Madison. This is the burden of his argument in the justly famous "Federalist" Number 10. The problem, as he defined it, had been to erect a government that would have a "tendency to break and control the violence of faction." He explained further, "By a faction I understand a number of citizens, whether amounting to a majority or minority of the whole, who are united and actuated by some common impulse of passion, or of interest, adverse to the rights of other citizens, or to the permanent and aggregate interests of the community." It is well to note, too, that the question of whether a majority or minority wanted the action interested him only as it affected the likelihood of its enactment. Madison believed that the danger to liberty and the general welfare lay in the factional use of government for partisan ends.

He went on to explore the possibilities of preventing the partisan use of government. It could be estopped by taking away the liberty which gives rise to factions or "by giving to every citizen the same opinions, the same passions, and interests." Both of these alternatives are rejected: the first because it is undesirable and the second because it is impractical. The problem then becomes one of preventing the effects rather than removing the causes of faction. Madison held that republican government – by which he meant representative government – would be the one most likely to bring to nought the effects of faction. Specifically, he maintained that the Constitution as drawn would provide such a government. By spreading representation over large constituencies, by having the houses of Congress chosen in a different manner, he thought it would be difficult for any collection of men to attain its end. The separation of powers would add to the difficulties of groups seeking special privileges and partisan goals. It should be pointed out, though,

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that developments in communication and transportation since Madison's day have swept away much of the importance of the vastness of the country in deterring concerted action by groups.

The point, however, is that the purpose of the Constitution was to disarm rather than empower collectives. Madison saw clearly that the great danger of popular government was its susceptibility to use for partisan ends. He desired a government which could maintain the needed unity for external defense and internal accord but which would be inhibited by its organization from taking precipitate and arbitrary actions that would intrude upon the liberties of individuals. This wish he shared with many of those who did and many who did not approve the Constitution as drawn in 1787.

Let us follow Madison's reasoning that it is not the existence of factions (or collectives) which really endangers liberty but their gaining sway. It is not, for example, the presence of lobbyists that corrupts legislatures but the bowing of legislators to their will. Churches limit individual liberty when they can use the powers of the state to enact their morals or enforce their goals on society. Business associations and corporations delimit liberty when they bring government to bear in securing special privileges. Labor unions endanger both public interest and individual liberty when they use coercion with the connivance and support of government.

That Americans have largely left off thinking in terms of individual liberty and gone over to collectivism is mirrored in current language. One hears and reads regularly of minority rights, majority rights, the rights of organized labor, the rights of business, the rights of children, the rights of women, the rights of the farmer, the rights of the people (considered collectively), and even of the rights of governments.

Rights or Privileges

When President Kennedy brought the influence and indirect coercive power of government to bear upon steel companies to induce them to forfeit an announced raise in prices, many of those who objected did so on the grounds that it was an attack on "business." But this is a tacit acknowledgment that "business" has special rights and privileges. From an individualist point of view, the President was either attacking the rights of all Americans, or he was threatening the rights of no Americans. The real principle involved in the steel affair (so far as individual liberty

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was concerned) was whether or not individuals and voluntary associations of men may act, without force, to raise or lower prices. In short, are men free to offer goods and services at whatever price they see fit, or are prices to be determined by executive fiat? The matter of monopolies and price fixing in an industry is important to liberty, but it was clearly not the issue here. *The President wanted to fix the price in the name of the public interest.* If he succeeds in this aim, he will have achieved a greater restriction upon liberty than any monopoly could without the force of government, for he acts with the force of government.

Secondary Consequences

What we have, in our situation, is that government, having recognized and empowered various group interests, then tries to harmonize them. It can only do so at the expense of the liberty of all individuals, though some may believe themselves more than adequately compensated for their loss by the greater power they have at their disposal. The historical task is to point up those events and developments which marked turning points from individualism to collectivism.

There has hardly been a time in the history of these United States when contending factions were not prominent. Manufacturers early sought a protective tariff. Veterans of the Revolutionary War pressed for special privileges. Land speculators and farmers contended for different systems of dividing and pricing public lands for sale. Representatives from the East sought to hamper the westward movement, while Southerners and Westerners sought to use the federal government to acquire more and more lands to the west. Even the most careful efforts of writers of the Constitution had not managed to design a government that could not on occasion be used for partisan purposes. Indeed, the constitution-makers yielded to faction in permitting the counting of a proportion of slaves for determining congressional representation. The Whiskey Tax was almost certainly legislation aimed to penalize a particular group—the small entrepreneurs of the back country. The Bank of the United States, as set up, may have forwarded special interests. Certainly, the protective tariffs enacted periodically from 1816 on provided special privileges for manufacturers and were disadvantageous to some shippers.

Much as one may deplore these successes of groups and factions, however, they do not indicate

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that America was from the beginning collectivistic. To think that they do is to confuse aberrations with central tendencies. For however much Congress, the President, or the courts might have yielded to special interests on occasion, they had not yet formally acknowledged their existence. Jefferson may have been moved by agrarian sentiments to acquire Louisiana, but it was not officially done for "agriculture." Perhaps Daniel Webster had questionable relations with "business," but he spoke for the unity of America.

The Turning Point

The turning point from individualism toward collectivism should be located at the time when formal recognition was given to groups, when the federal government began to act in the name of factions, and when the constitutional inhibitions against such actions began to break down. Until that point we are dealing with suspicions of motives rather than definite effects.

Several events occurred in the 1880's which suggest that the turn should be located thereabouts. In 1886 the Supreme Court decided, in the *Santa Clara Co.* case, that a corporation was a "person" in the meaning of the Fourteenth Amendment. By so doing it gave special status to one kind of association – the corporation. Congress made an equally substantial break with the past by the passing of the Interstate Commerce Act in 1887. Legislation aimed at any particular group is dangerous to liberty,[1] but this act had even more direct import. It provided for an Interstate Commerce Commission. As one history describes it, "The Interstate Commerce Commission was the first permanent federal administrative board to which Congress delegated broad powers of a quasi-legislative, quasi-executive, and quasi-judicial nature. Its establishment was a landmark in American constitutional history. . . . The Commission . . . represented a fundamental departure from the principle of the separation of powers."[2] Through the years other such bodies were added – Federal Trade Commission, Federal Communications

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[1] Government by law rather than by men requires that laws be of general applicability. As F. A. Hayek says, "Law in its ideal form might be described as a 'once-and-for-all' command that is directed to unknown people and that is abstracted from all particular circumstances of time and place and refers only to such conditions as may occur anywhere and at any time." *The Constitution of Liberty* (Chicago: University of Chicago Press, 1960), pp. 149-50.

[2] Alfred H. Kelly and Winfred A. Harbison, *The American Constitution: Its Origin and Development* (New York: Norton, 1955), p. 549.

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Commission, Securities and Exchange Commission, National Labor Relations Board – which had the cumulative effect of bringing to nought the means set up in the Constitution for disarming groups.

Another signal departure came in 1889 with the raising of the Department of Agriculture to cabinet rank. This was the first such recognition of group or class interests by the central government, but not the last. Predictably, of course, other factions vied for similar recognition. A Department of Commerce and Labor was created in 1903, and separate departments for each were set up in 1913. Within a three-year period – 1886 to 1889 – the break with the tradition had been made in the legislative, judicial, and executive branches of our government.

But the way was prepared beforehand for the break. The rise of the Republican Party just before the Civil War was a landmark of sectionalism, for it was the first party with so exclusively a sectional following to gain the Presidency. Its successful organization spurred the formation of even more factional parties in the South. The short-lived Freedmen's Bureau, set up toward the end of the Civil War, was a special agency of the federal government to look after the freed Negro. The Fifteenth Amendment to the Constitution – forbidding the exclusion from voting privileges on the grounds of race, color, or previous condition of servitude – adopted in 1870, may have given credence to the budding notion that there are minority rights. It was obviously intended to enfranchise a minority.

Giving Them Power

National groupings according to economic interests made their appearance in the latter part of the nineteenth century. It should be kept in mind, however, that it was not the existence of these organizations that effected collectivism but their empowerment by government. Accompanying the spread of large businesses operating throughout the United States was the organization of nationwide labor unions. The National Labor Union was organized in 1866, but expired a few years later. Much more important and influential was the Knights of Labor which was organized in the 1870's. The first strike on anything like a national scale was the Railway Strike of 1877. The American Federation of Labor was organized in 1886 under the leadership of Samuel Gompers. Farmers, too, turned to organization as a means of effecting their ends. The Patrons of Husbandry

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(or National Grange) was founded in 1867, and shortly began sponsoring regulatory laws. Businessmen formed the National Association of Manufacturers in 1895. The American Anti-Boycott Association (1902) and the Citizens Industrial Association (1903) came into being to counter certain kinds of union activity.[3]

The increase and growth of corporations needs mention also. By 1900 two-thirds of all manufacturing in the United States was carried on by corporations. Incorporation confers a special privilege – that of limited liability. In return for this privileged status, corporations have long been reckoned to have a public character and to be subject to public limitations on their activities. However, in the latter part of the nineteenth century, due mainly to the fortuities of our federal system of government, many corporations managed to hold their privileged status and avoid onerous limitations. Corporate charters could be obtained in a single state, but the resulting corporation could operate in all states. Some states – notably New Jersey and Delaware – provided unusually generous terms of incorporation. When this condition was coupled with court treatment of corporations as persons, corporations were extremely difficult to reach by regular lawful means. The resulting confusion of individual liberty with corporate "liberty" has not yet been disentangled. It created a situation ripe for governmental limitation of individual liberty in order to control corporate activity. It gave impetus, too, to the setting up of arbitrary commissions to deal with business activity.[4]

New Parties for Political Favor

New political parties in the latter part of the nineteenth century definitely appealed to economic interest groups. There was the Greenback Labor Party (organized 1878), the People's Party of the U. S. A. (Populist Party, organized 1891), and the Socialist Labor Party (organized 1877 but only achieved national importance in the 1890's). Those historians who attribute this rise of third parties to a feeling among farmers and laborers that their interests were not being looked after by the major parties may be

[3] George E. Mowry, *The Era of Theodore Roosevelt* (New York: Harper, 1958), p. 12.

[4] This is no attack on the corporation. I am trying to make clear that there is a valid and valuable distinction between individual and corporate activity. When this distinction is restored, it will make possible both the extension of individual liberty and regular lawful means of limiting the scope of corporate activity.

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right. Certainly protective tariffs, land grants and subsidies to railroads, and monetary policies frequently provided advantages for financiers and industrial entrepreneurs. But the important point is that factions organized themselves to secure political action in their favor. They had only a limited success in the nineteenth century, however.

The progressive movement of the early twentieth century occupies an anomalous position in the march of Americans toward collectivism. This is so mainly because people of many different persuasions – socialists, nationalists, welfare staters, and free traders – adopted the rubric or have been called progressives by historians. In their stated aims, Woodrow Wilson and Eugene Debs (the candidate of the Socialist Party) in 1912 were almost as far apart as it would be possible to get. Yet they are both treated under progressivism because they were reformers. The confusion is compounded because all shades of reformers did generally accept the organic conception of society. They all wanted to use the United States government to achieve positive social ends. Moreover, the idea of progress and the belief in successive stages of the development of society permeated reform thought. For these reasons, it may be that those historians who have lumped reformers together are nearer the truth than those who have made rigorous distinctions among them.

Legislative Departures

Progressive legislation does indicate that collectivism was making headway. The scope and authority of the Interstate Commerce Commission was broadened by several acts. The Pure Food and Drug Act and the Meat Inspection Act, both of 1906, show the federal government entering the arena of protecting the consumer. The Mann Act of 1910 – prohibiting the interstate transportation of women for immoral purposes – extends the principle to the protection of people from themselves. Here was a clear limitation upon liberty which deals neither with the use of coercion nor even the performance of an immoral act. It deals with motives and restricts transportation. It is class legislation in that presumably men can be transported across state lines for immoral purposes without fear of penalty.

It is true that Woodrow Wilson, in 1912, proclaimed the New Freedom and declared it to be his aim to restore liberty by breaking up the trusts and removing special privileges. Yet once in office he approved the Clayton Anti-

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trust Act which exempted labor from its provisions and provided the opening wedge for the creation of a privileged status for organized labor. The Underwood Tariff Act did free trade to some extent, but the Federal Trade Commission and Federal Reserve Board – whatever their purposes – were agencies beyond the separation-of-powers principle. The Adamson Act provided for an eight-hour day and time-and-a-half for overtime on interstate railroads, an undeniable use of government power for a faction.

The Shifting Role of Government

Once the United States entered World War I, Wilson swiftly abandoned such relics of the New Freedom as he had held on to and turned to what might more aptly be styled the New Tyranny. The government turned from attempting to enforce competition to the co-ordination of the economy. Boards and commissions were created to deal with the various economic interests – War Industry Board, War Labor Board, Food Commission, and so forth. The Presidency supported the direct use of propaganda by way of the Committee on Public Information. The Sedition Act of 1918 restricted liberties in a manner that had not been done since the days of John Adams. The railroads were taken over and run by the government.[5]

The constitutional amendments adopted under the impetus of progressivism provided some of the legal foundations for collective action. The Sixteenth Amendment (income tax) paved the way for a redistribution of wealth and for tax policies that could be (and have been) used for the advancement of class interests. The Seventeenth Amendment (direct election of Senators) altered the republican character of the government somewhat and may have weakened the inhibitory powers which Senators would exercise on legislation. The Eighteenth Amendment (prohibition) empowered the Congress to legislate in matters of morals and to send out federal agents over the land to inquire into the activities of Americans. The Nineteenth Amendment (woman's suffrage) gave color, though not substance, to the notion that groups have rights.

The reaction to restrictive action by government was hardy and vigorous, though frequently

[5] There are two very good reasons why I do not take up the question of whether or not these actions were "necessary" for the war effort. In the first place, I don't know—nor do all those historians who say that it was. In the second place, necessity does not alter the effects of actions, which is my concern.

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misdirected, in the 1920's. Railroads were returned to private ownership, but the act that returned them empowered the Interstate Commerce Commission to foster mergers. The Tariff Act of 1922 not only raised rates – protecting American industries as well as making it virtually impossible for European countries to pay debts, but also it carried a provision against the importation of obscene books, a provision which was sometimes interpreted to exclude works now recognized as classics. Founders of patriotic organizations were probably right in believing there were threats to Americanism, but their indiscriminate activities were hardly calculated to preserve it. Communists were driven under ground by the Palmer raids, but constitutional liberties were ignored in the effort. So confused had the American tradition become that many writers and artists attributed violations of civil liberties to an American tradition of mob rule and lynch law.

Roosevelt's Hundred Days

The culmination of the trend toward the empowering of groups came with dramatic swiftness. In the "Hundred Days" following his inauguration in 1933, Franklin D. Roosevelt pushed through Congress bills which presented the country with collectivism as a *fait accompli*. All the steps toward it thus far had been but background and prelude. The central pieces of legislation were the Agricultural Adjustment Act and the National Industrial Recovery Act. By the Agricultural Adjustment Act Congress acknowledged itself as caretaker of the needs of farmers, and proceeded to provide for them by regulation, subsidies, and parity payments. Industries were invited to control themselves by fair trade codes under the NIRA. Labor was provided for by the section of the Act which guaranteed labor's right "to organize and bargain collectively through representatives of their own choosing." A National Labor Board was created to enforce this provision. While these actions marked a climax of the empowering of factions, their aim has been fully pointed out by Rexford G. Tugwell, one of the architects of these acts. "NRA could have been administered so that a great collectivism might gradually have come out of it, so that all the enormous American energies might have been disciplined and channeled into one national effort to establish a secure basis for well-being."[6]

Although the surge into collec-

[6] Quoted in Arthur M. Schlesinger, Jr., *The Politics of Upheaval* (Boston: Houghton Mifflin, 1960), p. 214.

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tivism came with almost lightning quickness, the way had been prepared for it. The Depression offered the occasion, but it was not the efficient cause. For over fifty years the numbers of dependent farmers and workers had been increasing. The impotence of the individual was accentuated by the increase in size and complexity of institutions and organizations in America. A new ethos – the collectivist curvature of the mind – provided the mental bent for collective action. Actions taken during World War I provided the pattern for governmental action. The voluntary trade associations of the twenties made NRA appear to be a natural next step. Never-ending protective tariffs had accustomed Americans to collective action for particular interests. Organized labor's special status had already been recognized by the Norris-La Guardia Anti-injunction Act of 1932.

The NIRA and AAA were nullified by the Supreme Court, but these decisions did not stem the tide of collectivism. Even before the courts nullified these laws, Roosevelt had launched upon a different course. Business lost much of its privileged status when NRA succumbed, and the administration cast it into that limbo in which it has usually existed since –subjected to harassment, regulation, and periodic threats of investigation and dismemberment. Meanwhile, Roosevelt and his congressional followers turned to providing protection and benefits for the "underprivileged" and "unfortunate." (The argot of the New Dealers implied that all wealth and station resulted from special privileges and good luck.) The Social Security Act was class legislation to provide benefits for wage workers. Massive relief was provided from 1935 to 1939. The National Labor Relations Act of 1935 gave organized labor increased status and included prohibitions of employer activity against unions. The Revenue Act of 1935 increased the surtax rate on individual incomes, raised rates on large corporations, and estate and gift taxes were increased. In 1937 the Farm Security Administration was set up to aid tenant farmers, and in 1938 a new Agricultural Adjustment Act was passed, reinacting the protected position of farmers.

Recent Developments

Over the years since, organized labor has consolidated its privileged position. Farmers have become accustomed to subsidies and crop controls. Government aid has been extended to more and more of the population by way of extension of Social Security and

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through such devices as FHA loans. Many businesses became accustomed to cost-plus contracts during and after World War II, and have managed by manipulation to acquire privileged positions. Minimum wages and hours coupled with wage bargaining by industry has tended to make prices inflexible and to stifle competition. Amidst the pulling and hauling of privileged groups for a greater share of the "national income," the cry increases for government to act to harmonize these interests. Some want laws prohibiting labor unions from striking; others want wage, price, and rent controls. Governmental action during World War II set further precedents for control which have not yet been extended to peacetime use. One more good emergency should provide the setting for wiping out the remaining vestiges of liberty in America, since we have both the practice and the beliefs for it.

The road we have taken toward collectivism has now been pointed out. It was made possible for us to come upon this road by ignoring and evading the Constitution. Groups were empowered rather than disarmed as they gained recognition and privileges from governments. Once this has happened, it can be made to appear that the completion of the circle is inevitable. If farmers can use government to raise food prices, if organized labor can use force aided and abetted by government to drive up wages, if corporations can operate with only arbitrary limitations, who is to protect the public interest? The obvious answer is that the United States government must act to resolve conflicts and protect the general welfare. But it is not the only answer. If liberty be accepted once more as the goal, if government will once again disarm groups, we can return to liberty. By marking out the trails by which we have come to collectivism, I have also uncovered the signs which we may follow to recover the path of liberty. ◈

IDEAS ON LIBERTY

Win or Lose

YOU CAN WIN an election and still lose your liberty. . . . You do not waste your vote when you lose an election; but, you certainly *do* waste your vote when you lose your principles.

JOSEPH A. CALAMBOS

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CAN OPERA BE GRAND IF SOCIALIZED?

LEONARD E. READ

AN AMERICAN MEZZO-SOPRANO and one of the great international opera stars of our time laments the plight of aspiring American singers.[1]

After concluding that "the problem cannot be blamed away: more fundamental treatment is in order," she has this to say:

> If we are interested in the cause of the shameful conditions for the young American singer we must look elsewhere: the jet plane, *our outmoded manner of dealing with the arts on a national level,* a false pride of helping others before ourselves and, above all, *a childish fear of government aid.*

Seeking to justify the subsidy she has in mind, our opera star calls attention to an inconsistency on the part of the U.S.A. politician:

> Has he ever bothered to explain how the majority of Europe's war-destroyed opera houses were rebuilt with American money and placed on an operating basis through large subsidies?

Having delivered that *coup de grace,* she makes this point:

> I feel *the taxpayer has every right to demand* that his own community be blessed with a new auditorium which houses its own opera company, symphony orchestra, ballet troupe, and theater ensemble. It's not a dream. Such theaters exist all over middle Europe, in towns with no more than 50,000 inhabitants. (All italics mine.)

Were I to try my hand at opera

[1] See "There's No Place at Home for Young American Singers" by Rise Stevens. *New York Herald Tribune,* April 29, 1962.

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this star would rollick in laughter at my incompetency; indeed, she is conscious of flaws among the best opera singers. And I, in my turn, am sensitive to socialistic flaws even when skillfully written. The article under question is really skillful; it is almost unbelievable that an opera star of the first magnitude, with all the attention and concentration her art demands, could write such clever, statist rationale.

While socialized opera is no more to be deplored than socialized anything else, there is reason as we shall see later for giving it special treatment.

"Our Outmoded Manner . . ."

As a starter, what are we to infer from "our outmoded manner of dealing with the arts on a national level"? Until now in this country the arts have, for the most part, been dealt with privately and locally. It has been The *New York* Metropolitan Opera Company or The *Boston* Symphony or The *Los Angeles* Philharmonic or whatever. Furthermore, these have been privately financed.[2] The music patrons have been the music payers. Others of us have been free to stay at home and to spend the fruits of our labor on necessities and luxuries of our own choice. But, be it noted, this freedom of choice, in socialistic parlance, is "outmoded." What is the new, the modern, the up-to-date scheme? Nationalize the arts! A music devotee or not, you pay! And like anything else, once it is nationalized, the penalty for all-out noncompliance is the loss of life itself.[3] Violence is the new way; freedom the "outmoded manner."

True enough, our politicians in spending over $100 billion on foreign aid in recent years have rebuilt Europe's war-destroyed opera houses and put them on "an operating basis," with dollars forcibly collected from American citizens, millions of whom have no interest in their own, let alone foreigners', opera. Where, we must ask, is the moral sanction for the coercive extortion of the livelihood of Joe Doakes, an American who is concerned more with the education of his own children than with opera, that European music devotees may sate their aesthetic desires? According to libertarian philosophy, this is legalized evil. Even worse is

[2] Much of the private financing has been in the nature of substantial gifts from wealthy persons. See "Met's Golden Angels Make Opera Heaven," *World Telegram and Sun*. May 12, 1962.

[3] If the reader has any doubt about this point, read my "Violence as a Way of Life," *The Freeman*, February 1962. Reprint on request.

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to use this wrong action as an excuse to apply the same socialistic principle at home – recommending a second wrong to right the first one.

Then follows this point: "I feel the taxpayer has every right to demand that his own community be blessed with a new auditorium which houses its own opera company . . ." Which taxpayer has a right to what? Does the opera-going taxpayer have a right to subsidize his fancy at the expense of the unmusical taxpayer? Does it never occur to these people who would nationalize the arts that the latter has a right to the fruits of his own labor? Or, do the socializers hold that everyone's fancy be socialized, that all citizens have a right to the fruits of the labor of all other citizens? For instance, 1/50,000th of us in New York's metropolitan area are ardent curlers. This sport is expensive, as is opera. Should the other 49,999/50,000th part of our local population be compelled to subsidize us? Better yet, to use the opera argument, should not curling be nationalized? Then the San Francisco dock worker could help pay for my curling! Anyone who cannot see through this thin argument of the socializers or nationalizers will not be aided by more explanation, regardless of how simply spelled out.

Political Urge to Nationalize

Our opera star is not alone in suggesting the nationalization of her art; it has been given a substantial political impetus and for reasons easy to recognize. For example, if government intervention and control of railroads continues as in the past, we shall, sooner or later, see them nationalized. Assuming present trends, the same fate is in store for the airlines. Having railroads and airlines to preside over is important politically to a paternalistic state.

The closing of the Metropolitan Opera was announced. Front page news all over the nation! The highest officials in Washington took immediate action. Why? Officialdom cannot risk the reasons coming to light: The more government interference – inflation, taxation, and control in any sphere of economic activities, the less opportunity for devotees of opera to independently support their favorite art. Included among the interventions, and most directly affecting the opera, are (1) high taxes on real estate (the opera house), (2) union restrictions and requirements for not only the stars but all the stage hands and crews (with government approval and encouragement), and (3) luxury taxes on tickets.

It is governmental overexten-

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sion that makes private opera impossible all over Europe and is making it impossible in the U.S.A. And so we are urged to solve the problem by turning it over to the malefactor!

A Common Fault

Actually, though, little is accomplished by berating the socialization of opera. It is but an outgrowth of a fault which is common to nearly everyone, even the stoutest libertarian idealists: the inability to adhere steadfastly to principle. To descend to the vernacular, we all leak a little at the seams now and then.

Frederic Bastiat came about as near to being a libertarian idealist as anyone I know or have ever read – my ideological hero, so to speak. He laid down for himself solid criteria for his thinking and actions. For instance:

> See if the law takes from some persons what belongs to them, and gives it to other persons to whom it does not belong. See if the law benefits one citizen at the expense of another by doing what the citizen himself cannot do without committing a crime.[4]

Whenever a law did any of these things, that law was on Bastiat's black list. Thus a law which forcibly took from another in order that one might curl or attend the opera flew in the face of the moral code. It was evil. All through the vast works of Bastiat is to be found an adherence to the principles he deemed to be the right ones. Disagree with this statesman, if you wish, but try to find where he deviated from his concept of right principle. Regardless of laws or popular opinions, he stood with his principles – except in one instance. In an essay, "Justice and Fraternity," he made a concession to the socialists, one that few Americans today would find faulty:

> If the Socialists wish to say that, in extraordinary circumstances and for urgent cases, the State should prepare certain reserves, relieve certain unfortunate persons, manage certain transitions, great heavens! We are in agreement with them. It is being done and we wish it were better done.

The above is an absolute contradiction of, a defection from, the whole Bastiat thesis. I cite this man who held so steadfastly to principles merely to indicate that even the strictest perfectionist now and then "leaks at the seams."

While most of us libertarian idealists, in our own imperfections, can forgive Bastiat for this

[4] See *The Law* by Frederic Bastiat. Foundation for Economic Education, Irvington, N. Y. 76 pp. $1.00 paper; $1.75 cloth.

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one inconsistency, we must not overlook how this single exception makes the case for socialism. For, if it be true that the state is morally warranted in building its reserves from what belongs to some persons and giving to those to whom it does not belong, there then is no principle which points out the stopping place.[5] If Marx was right in advocating "from each according to ability, to each according to need," it follows that the state, which does the taking and the giving, must decide on what is ability and what is need. Ability, of course, is disposed of in a hurry: the state taxes everybody for the sake of the needy. But what constitutes need and who are the needy? Plainly, this is a matter for arbitrary decision only; no principle can be called upon nor can any law give precise instruction.

People hunger not only for food, clothing, and protection from heat and cold. Human appetite knows no bounds. Need is a judgment subjectively determined and it extends over the whole spectrum of human desires. A "need" is felt for exercise: curling, for instance. There is a "need" for cheap power and light or a high standard of living for farmers and wage earners, for "free" school lunches and, so we are told, for opera. The point is this: We cannot grant that any need, beyond the need for common defense, should be met by the use of state compulsion without logically conceding the use of state compulsion for all needs. Employ violence to gather funds (state action) to alleviate starvation and the case is made for the use of violence to subsidize opera goers. Thus, any person who condones or advocates legalized coercion as a means to productive or creative ends, that is, who supports compulsion for other than the defensive function, regardless of how desirable he thinks the end is and no matter how minor his exception to this principle, cannot, in logic and justice, condemn the opera star for her demand that opera be socialized. *Every defection from libertarian idealism is an affirmation that socialism is right.*

[5] Perhaps the growing insistence for government aid is based on the false assumption that government has a fund independent of what it takes from the citizenry. Any time anyone is "aided" we can be certain that other citizens have been forced to supply the financial wherewithal. A government has nothing but the power to collect from us.

Let Government Do It

A friend of mine who resides in a European capitol remarked, "We can no longer finance our opera privately, so we have turned it over to government." I told

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him that if their opera could not be privately financed that his city should have no opera. "But what about our culture?" he asked.

Let us grant that culture is advanced by opera. But I insist that culture is degraded where state compulsion is used to take the fruits of the labor of any individual to gratify the desires of opera devotees. Here's a town of 50,000 population, among whom are 500 opera goers. But the 500 cannot privately finance an auditorium, an opera company, symphony orchestra, ballet troupe, and theater ensemble. Should violence be used to coerce the other 49,500 into the local program? Does this procedure aid and abet the development of culture? Numbers have nothing whatsoever to do with the principle. Culture would be degraded if violence were applied to only one individual to force him into a program agreeable to 49,999 of the population. Our opera star refers to "a childish fear of government aid." This implies that no such fear exists among mature adults. Perhaps not, in which case I cast my lot with the children.

While there is no moral sanction for the theft of a loaf of bread to keep one's children from starving or for having the state do this for one, we must concede that such acts are for primal purposes, on the level of a cat eating the canary – instinctual and subrational. Such action at this level cannot be condoned but at least it can be understood.

Needs can be listed on an ascending scale, ranging from the purely physical all the way to the highly spiritual. Philosophy, religion, poetry, and art, including opera, are in the latter category and genuine practitioners are characterized by spirituality; they are of a higher breed of creation or humanity.

Any attempt to promote these higher forms of consciousness by primal means, by violence, by the physical force of the state, is to reduce the arts to the level of banality. To claim that culture can prosper by the employment of anticultural means is to express a contradiction. One could as logically resort to state compulsion as a means of assuring immortal bliss.

If men's rights to life, liberty, and happiness are endowments of the Creator, a spiritual concept, then every individual must be accorded as much freedom of choice as any other. This is the minimum requirement for advancement in the spiritual life (culture). There can be no culture – no art – without justice or without freedom. Opera will not remain grand, but only be degraded, if socialized. ◈

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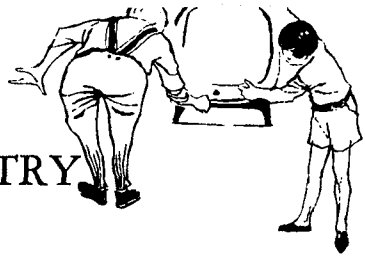

GETTING THE COUNTRY MOVING

or — FEATHERBEDDING ON THE NEW FRONTIER

The leaves were dying on the trees
And turning red and gold.
Old Kaspar sniffed the evening air
And felt the coming cold,
While Peterkin and Wilhelmine
Looked at the allegoric screen.

They saw a hill where groups of men
Were milling round and round
In search of gaps between the rocks
That littered up the ground;
While others loitered in the shade
Where rows of feather beds were laid.

The few who seemed to find a way
Among the rocky tracks
Were forced to carry other men
Who perched upon their backs,
Till burdened far beyond their size
They'd fall to earth and fail to rise.

"Now tell us what it's all about!"
The little children cried.
"*It's Movement on the New Frontier,*"
Old Kaspar soon replied.
"They're off to gain the higher ground
Where joy and affluence abound."

"Why aren't some," asked Peterkin,
"Allowed to reach the top?"
"They're free to climb," Old Kaspar sighed,
"Or try until they drop.
Of course, it's hard to climb the tracks
With people riding on their backs."

"Why couldn't some just lead the way
And let the others walk?"
"A few would like it," Kaspar said,
"But all the rest would balk
At any chance they might be thrown
On no resources but their own."

H. P. B. JENKINS
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THE SPIRITUAL STRENGTH OF THE AMERICAN SYSTEM

HERRELL DEGRAFF

THE POPULAR IMAGE of the businessman seldom casts him in the role of a spiritual being. Nor in my acquaintanceship with him have I found that the businessman, more than rarely, regards himself in this light.

A generalization of history indicates that the articulate world seems always to have been involved in greater or lesser degrees of ideological controversy. On several occasions this has reached the intensity and proportions of Great Reformations, a word that, in this sense, carries no connotation of either good or bad. Examples include the life and teachings of Christ, and the impact on the world over all the centuries since; in like but lesser manner, of the life of Mohammed; similarly, the Reformation and Counter Reformation within the Christian Church; and finally, I must list the current deadly serious ideological upheaval between the West and atheistic communism.

I submit that we who are one side of this struggle – a struggle not of our choosing – face such a time as comes rarely to men when they must reassess and reaffirm their own philosophical and spiritual values.

The ultimate tribute to Western philosophy and institutions is the dedication of our ideological opposition to destroy them. This determination alone suggests that there must be, within our philosophy of society and what we have built from it, a sum of values and attainments too great for an opposing philosophy to tolerate as a yardstick against itself.

I am indebted to Professor Gerhart Niemeyer of Notre Dame for a most lucid analysis of the

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Dr. DeGraff, formerly Babcock Professor of Food Economics at Cornell University, recently joined the executive staff of the American Meat Institute in Chicago. This article is reprinted by permission from a symposium on The Spiritual and Moral Significance of Free Enterprise, sponsored by the National Association of Manufacturers, December 6, 1961.

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differences in the way the communists and the West regard the present struggle. The West tends to treat it basically as a clash of interests between two great powers. Such a concept leads to an expectation – futile in this case – that skillful negotiation by diplomats can settle the differences.

It is a futile approach because to the opposition this is by no means a mere balance-of-power affair. Rather they believe in, and it is their purpose to bring about, what they consider a new age in human society, the emergence of which requires only the destruction of the philosophy and institutions of the prevailing social order.

To this end they are engaged in a total, unceasing struggle on many fronts and by many methods – with success a long-range objective, and with strategic retreat whenever necessary to progress toward ultimate victory. Their strategy is not so much the acquisition of territory as it is the weakening of the philosophical cement that holds together the established order of the Western World. Their aim is people, individuals and groups, stripped of old-order purposes and thus delivered by the default of any higher spiritual values into the "new light" of atheistic authoritarianism.

A Guilt Complex

So often those who have more recently arrived among us can see and interpret our circumstances more clearly than we do ourselves. Listen for a moment to another great intellect. He is Dr. Charles Malik, Professor of Philosophy at the American University in Beirut in his native Lebanon, onetime President of the United Nations General Assembly, and now teaching at American University in Washington. Writing in the December issue of *The Rotarian,* he says:

"Morally and spiritually the communists put free men on the defensive; they make us feel guilty; they talk in terms of 'capitalism,' 'imperialism,' 'colonialism,' 'monopolies,' 'profits,' 'exploitation,' 'means of production' . . . And how do we take up the debate? We usually answer that the exploiting capitalism of the nineteenth century no longer exists, that imperialism has been liquidated, that monopolies are now owned by the people, and that, as to profits, everybody now shares them. There is about this response a pathetic air of apology, a sickly note of timidity, and those who make it suffer from a guilty conscience. When we thus accept to be drawn into debate with the communists on their own terms, we confirm them in the feeling

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that they are right. It is as though we were telling them: 'You are right in your attack; we are sorry for our past ways; but, behold, we have now corrected them.'

"This will not do. The communists should be answered, not apologetically, not as though they were right, but in . . . human, moral, and spiritual terms."

Every businessman should read the whole of Dr. Malik's challenging article. Let me quote one more sentence: "The present moment in history requires, more than any other moment in the past, that those who know and believe in man, freedom, truth, and God, pass to the offensive on every front."

Dr. Malik calls for a spiritual awakening in the West. Nor is his by any means a lone voice. The struggle is only incidentally in military terms. It is warfare in our time, and perhaps in our children's children's time, on philosophical, moral, and spiritual grounds.

How did we get to be a world power? How did we attain the capacity for such great material output? From whence did we develop such a potent philosophical and spiritual force that the now opposing ideology feels compelled to destroy it?

And perhaps another question is just as pertinent. We are yet a young nation, as time is measured in national history. But have we come so far and changed so much that we no longer hold in full measure the humanistic and spiritual values that the opposing forces would destroy? Have we weakened the philosophical foundations of our own society? And if we have, with what do we now oppose the ideology that rises against us?

How much are we devoted to individual freedom of action? How inviolate is the institution of private property? How much do we respect the market as the determinant of production and distribution? How much do we believe in preserving competition—or have we switched to a status-quo concept of preserving competitors? How much do we understand and how much are we devoted to the profit system – or, more accurately, the profit and loss system? How readily do we accept the responsibilities without which the rights of citizenship in a democratic society become a mere license to be a predator on other citizens?

A Significant Breakthrough

The United States was the first nation, at least in modern times, to establish a form of government, and legal, social, and economic in-

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stitutions, solely of its own choosing. No heavy hand of history stood in the way. No dead weight of institutional rubble blocked the erection of a wholly new structure.

Most writings of American history have been wholly inadequate in treating the timing of our national origins. America was discovered (more accurately, rediscovered) in the period of exploration that coincided with the weakening and downfall of European feudalism. The fourteenth century renaissance of learning stirred a great yeast pot that by the mid-sixteenth century led to marked changes in religious philosophy, and most notably in Christian ethics. In earlier monastic idealism, the Christian man was almost called upon to retire from the workaday world. The sixteenth century changes led to the rise of capitalism in the West. The Protestant Reformation usually has been credited with the motivating force – but this has not seemed to me a full or adequate explanation. I believe it importantly overlooks the teachings of St. Ignatius.

Individual Responsibility

Let me illustrate: (1) The earlier teaching of the Church had been that the position in society into which one is born is an expression of the Will of God, against which it was impious to rebel. The individual thus was called upon to be resigned to his lot, and the trials of this life were held to be of no significance against salvation in the next. (2) St. Ignatius must be credited with a fundamental change. He taught that proper individual action is to pray to God as though everything depends entirely upon God – and then to work and strive as though everything depends upon oneself. This modified the "Will of God" concept to include Reason and Intellect. Responsibility came to rest upon the individual, for the glory of God, to develop his talents, and to follow the dictates of his enlightened conscience. Rather than live in monastic withdrawal, the individual became materially responsible to himself and morally responsible to God.

Add to this a second illustration: (1) The earlier teaching of the Church had been that buying and selling, production for economic gain, trading in material goods – all this was avarice, and avarice is sin. (2) In the contrasting ethics taught by St. Ignatius, man became obligated to God to develop his capacities, to participate in the affairs of the world, and to strive as though his entire well-being depended on his own efforts.

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Self-Development

The parallel of this with the ethical teachings of Calvin is complete. Calvin taught that man is responsible to God for his self-development; that rather than live unquestioningly in the position in society to which he might be born, he has an obligation to choose his own calling, where he may exercise his talents. This he must do with a sense of religious responsibility – and he must then live piously and frugally, and morally responsible to God.

Thus, whether we see the sixteenth century as either Protestant or post-Ignatius Catholic, the economic consequences are the same. One could not abide by these revitalized ethical dictates without accumulating a bank account – in other words without becoming a capitalist. It was immediately after these concepts had pervaded European thought that the Colonists moved into Anglo-America. And here they lived these concepts, pursuing them with almost religious fervor, and in a manner that did not distinguish one nationality background from another.

And in like manner to the sixteenth century re-evaluation of the Christian ethic, the eighteenth century in Europe was a time when the character and form of government was equally questioned and philosophically recast. Again, the emerging nation here in America directly received the benefit.

Philosophers of Enlightenment

It is always difficult to pin down precisely the origins of ideas. The time we are discussing commonly is called The Period of Enlightenment – a time when the philosophical justifications of the Absolutist (monolithic) State and the Divine Right of Kings were so effectively undermined as to weaken them for all time in Western thinking.

The philosophers of The Enlightenment were many, and for the most part deeply religious men. They polished brilliantly the concept of the equality of all men before God – together with the corollary of Reason and Conscience which God had given to men for their guidance. They studied the natural universe and inferred Natural Law from the behavior and responsibilities of mankind. In and through this Natural Law they developed the concepts of individual human rights, and of the freedoms and the responsibility of man, through his thought and his conduct, to bring the institutions by which man lives into harmony with God's Natural Universe.

Speaking in terms representative of his time and his group,

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Locke argued that all men being equal and independent before God, it followed that no person has any right to harm another in his life, his liberty, his welfare, or his possessions. And liberty could not degenerate into mere license because of each man's recognized responsibility to God for his actions.

This, I submit, is the exalted, the optimistic, the spiritual, the perfectionist concept of man as an individual being that blossomed from the seeds of the Renaissance, the revitalization of Christianity, and the notable period of The Enlightenment. This is the philosophy of human rights and responsibilities familiar to, and accepted by, that extraordinary group of men who drafted a Declaration of Independence and a Constitution for a new nation, at precisely the flowering time of these concepts in European philosophical thought.

Most notably from Locke and from Montesquieu, the founding fathers derived the concept of limited and divided governmental authority, of checks and balances among the various divisions of government, of governmental action only with the consent of the governed, and of freedom of individual action retained by the citizen. And though the point hardly needs repeating, their institutions of government were intended to function in a society actively responsive to the moral principles of the revitalized Christian ethic.

Look at the Record

If this, then, is the background of our social organization, of our institutions, indeed of those values that a wholly opposed ideology now would destroy, what has been the performance of these values and institutions in practice? The United States is 173 years old, figured from the adoption of its Constitution. At its birth date, the population was under 4 millions. It is today 185 millions — living with material comforts and conveniences, both in total and in general distribution, that could not have been conceived by even the kings of earlier times. One need not dwell on material attainment. The more significant matter is how it was attained.

There were, of course, vast resources; there was "the continent to open"; there was the "manifest destiny" that America should expand from ocean to ocean. But the development certainly was not based alone on resources and space. Other areas, other peoples, have had these and still have remained economically dormant. The distinctive difference is in our free economic institutions. Stripped of everything else that

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fails to explain the blossoming of America as an economic giant, how can we finally discount the institution of private property; the freedom of individual choice and action; the free movement of trade within our boundaries; the right of the individual to strive and to enjoy the fruits of his labor?

Adam Smith's Contribution

It was more than new concepts of government that this young nation acquired from the philosophers of The Enlightenment. The year 1776 witnessed not only the Declaration of Independence but also the publication of Adam Smith's *Wealth of Nations*, often called the most important treatise on economics ever published. Listen again to this famous "invisible hand" passage from his book:

"As every individual endeavors as much as he can to employ his capital in the support of industry and so to direct that industry that its products may be of the greatest value, every individual necessarily labors to render the annual revenue of society as great as he can. He generally, indeed, neither intends to promote the public interest or knows how much he is promoting it . . . He intends only his own gain, and he is in this . . . led by an invisible hand to promote an end that is not part of his intention. Nor is it the worse for society that this is so. By pursuing his own interest he promotes that of society more effectively than he intends to promote it. I have never known much good to be done by those who affected to trade for the public good."

Smith, with the other philosophers of his time, believed in private property, in its use by the private holder, and in the retention of gain from its use by those who hold it. The sequence of logic based on Natural Law is that man has a right to life; therefore, the right to sustain it; therefore, the right to the fruits of his labor including the property derived therefrom. And never elsewhere have these rights, combined with freedom of action and with resource potentials, so greatly unlocked the productive genius of mankind – for the benefit of both individuals and society, and in precisely the manner set forth by Adam Smith in his "invisible hand" passage.

The beginnings were modest, but material production in the American economy has risen at an increasing rate. Stimulated by private property, by the reward of economic gain and the fear of loss, American producers have been the greatest appliers of science and innovators of tech-

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nology to be found in history. We borrowed science from all over the world and directed it toward answering production problems. Only recently have we turned significant attention to our own research potential in pure science, so that more knowledge may be available to apply to still more production problems.

Market Place Directives

We have, for the most part, kept the direction of our economic production and consumption in the market place – which is the surest of all ways of directing scarce resources into the uses that contribute the most to satisfying human wants. The market place is where the total society, operating as a committee of the whole, expresses its aggregate wants in terms of relative marginal utilities. It is likewise where all supply flows, constantly changing and adjusting, to serve the most pressing and the most rewarding of human wants. Thus have our economic activities been directed, not by the dictate of some arbitrary power, not by the authority of a central committee, but strictly according to the reward to be gained for anticipating and satisfying human needs and desires.

To be sure, our society has changed. The America of Washington and Jefferson was 90 per cent agrarian. We are today 90 per cent urban in our way of life Our society is now vastly more complex. Interdependence among the millions of divergent specialized producers has displaced the relative independence of an earlier agrarianism. Numberless circumstances that affect individual welfare are far less under individual control than in a simpler day. Still further, the degree and the speed of technological change have progressed so rapidly that resultant social and economic changes have been endlessly pressed to keep pace.

All these changing circumstances in our economy and society have been proceeding for decades. It is the degree of change, and the speed, and the breadth of its impact that now focus attention and concern on these matters far more than in earlier times. That is why individuals of like interests have been grouping themselves together as never before, to promote and protect their mutual concerns. We have become more a groupistic than a truly individualistic society. This fact does not clash with free institutions as long as group membership is voluntary and as long as the groups do not arrogate to themselves compulsory powers over individuals.

And it is these same circumstances of change that have led to

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demands for what is broadly called social legislation. This is not because Americans fail to appreciate the capacity and productivity of their economy – but rather, and especially since the 1930's, because they fear the instability that reputedly characterizes any highly advanced industrial economy based on free competition. This concern over instability is in part justified, but in far greater part is a carefully nurtured and endlessly expounded view of persons who do not believe in free economic institutions and whose desire is to change them.

Welfare Activities

Welfare, social legislation, the care of those who have less by those who have more – all have become battle cries in our contemporary public debate. Where do they fit in a society that would retain the free institutions that have served it so well? The answers are neither simple nor single. Let me make three points.

First, it appears that a prosperous and spiritually awakened people become generous toward the less fortunate about in proportion to the improvement and assurance of their own well-being. This is borne out by the enormous total of charitable contributions by the American people. In consequence I am far from sure that it is wise to institutionalize the whole gamut of welfare activities. Obviously, institutionalized, tax-supported welfare greatly reduces the ability of the voluntary giver to do what he otherwise would do. Moreover, institutionalized welfare reduces the personal responsibility both of those who give and of those who receive.

Second, a very substantial burden of welfare cost can be borne by a productive economy, and can be carried indefinitely, if, in order to meet the burden, our fundamental free economic institutions are not changed – and most specifically if the direction of the economy is left in the market place. If, to meet welfare demands, the economic activities of the nation are centralized under public control, the capacity for economic progress – including the support of welfare – is inevitably lessened.

Third, there is the question of how far the welfare activities should be extended. Those who do not produce must be carried by those who do. If the load of welfare activities becomes sufficiently great on those who must carry the burden, a rational person might well conclude that "poverty is the best policy." We must remember that all the other demands on the public purse must also be carried entirely by those who do produce. And a free so-

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ciety cannot be maintained if many citizens have been forced to conclude that productive effort is not worthwhile.

It is within the framework of these three points that I believe our present complex welfare questions must be answered.

The Importance of Capital

Looking forward, as a thoughtful people must always do – and desiring continued vitality and drive in our economic advance – some other factors seem clear. Most notable of these is that capital must be accumulated and invested at risk in a truly enormous total quantity.

The labor forces continue to grow. This requires new jobs, new capital, new businesses, new enterprise risks. Technology is making our industrial equipment obsolescent even more rapidly than it is wearing out. A new tool to displace an old one, a new technique better than one now in use, a new plant engineered to tomorrow's needs – all these are vastly more costly than depreciation allowances will cover.

New capital arises only from earnings plowed back or from the current savings of the public. Saving must be made attractive, and the future value of savings must be assured, or the capital we need will not be forthcoming. Business enterprise must not be denied its essential reward for service performed, or the capital that is saved will not be borrowed and allocated to productive expansion. A market-directed economy, if we will preserve it, is the surest first step in answering all these needs.

Perhaps much of the lack of understanding of competitive enterprise, its loss of prestige as indicated by Dr. Malik, the very anemia from which our free economic institutions seem to be suffering, is all traceable to the common tendency to criticize business profits. Most would agree that a businessman's first responsibility is to protect and preserve the enterprise that is in his stewardship. But if that is his first job, his parallel responsibility is to make a profit – in fact, the biggest profit possible in a competitive environment.

Reconsider the origin of a profit in business. First, it must be derived from a good or a service that is wanted in the market place – otherwise there will be no customers. Second, it must come from combining cost factors, skillfully enough to leave a margin between a competitively determined selling price and competitively determined costs for the production factors.

Resources to satisfy human wants are scarce. Service to society dictates that they be used

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efficiently, and for turning out the most desired goods. The skill to use resources – that is, the skill to organize and to manage – is a scarce talent. The more skillfully the management function is performed in fulfilling the wants of society as expressed in the market place, the more profitable a business will be.

The Profit and Loss System

Need I say that a profit is difficult to come by? Need I emphasize that in a free and competitive market, the size of the profit derived is in direct proportion to the competitive service offered to society? Need then a businessman ever apologize for a profit? The question is rhetorical.

Profit is the life blood of a free economy. The opportunity to make a profit – or the corollary, the spur of ever possible loss – is the "invisible hand" that provides our essentials and our comfort, completely automatically, and in an economic system so vast and complex that no person can even describe it, to say nothing of fully understanding or being able to direct it. In guiding the economy to the satisfaction of society's requirements, the profit system does what no central authority is capable of doing – even granting that the authority might be staffed by the most able managers among us. It is one thing to take a relatively primitive economy and direct its efforts toward a few types of output – say steel, or submarines, or rocketry. It is quite another thing to direct a more developed and vastly more complex economy, the purpose of which is to satisfy the whole infinite range of human goals and wants.

The profit system, working through free institutions, is the sparkplug of this second type of economic system – a sparkplug so dependable and effective that the ideological opposition we now face will do everything in their power to disparage it, to undermine it, to turn us away from it if they can, and to destroy it as completely as possible.

All Progress Stems from the Profits of Enterprise

Just one more point. Every job and every home in the length and breadth of our nation is maintained because the business process has functioned and made a profit – either a profit in the past or a profit now or the reasonable hope of a profit in the future. And any school has the same origin, or any church, or any charity, or any welfare payment – or, indeed, any government function. All of these – our personal welfare, our public welfare, our future welfare

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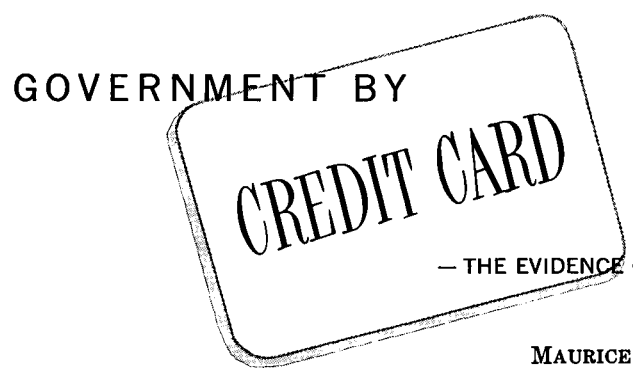
– stand on a single support: the profits of enterprise.

The distinction between our economy and the communist type is the profit system versus the Central Authority; the institution of private property versus ownership by the state, the freedom of individual choice and action versus the denial of these rights. Let us keep these distinctions clear. Let us be proud of our heritage and of the stewardship with which we carry it forward in a free society.

There is no group in our country upon whom this responsibility rests more squarely than on the managers of enterprise and of our capital assets. In efficient production, and in the further advance of widely distributed social benefits, we have the surest basis to cancel out an absolutist and atheistic ideology that would destroy us. We cannot do this by slavish, inept imitation of that alien code. The task demands the best we have to give, pursued with nothing short of spiritual dedication. ◈



MAURICE H. STANS

I AM DEEPLY concerned about our national course of events. As a result of new doctrines that have been allowed to develop over the last 30 years, the proud philosophy and sturdy character of our country are fast deteriorating. We are gradually surrendering our American spirit, based on initiative and self-reliance, for a social and economic mess of pottage. We are fast eroding our historic personal freedoms under the guise of

Mr. Stans was Director of the Budget under President Eisenhower and is now President of Western Bancorporation and Vice-Chairman, United California Bank. This article is from his address before the Second General Session of the Chamber of Commerce of the United States, Washington, D. C., May 1, 1962.

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an all-encompassing governmental benevolence. We are destroying the sovereignty of our states and handing over our locally-based institutions to an all-powerful central bureaucracy. And, by our continued experimentation with economic panaceas, we are risking the loss of the sinews that hold our democracy together.

If these apprehensions are right and the natural consequences follow, we may be in the sad posture of watching the slow destruction of democracy and the American way of life by the inept acts of its own beneficiaries. . . .

A Sorry Record.

Here is some boiled-down statistical evidence:

1. The entire budget of the United States was $3 billion in 1930, including interest on the debt and the cost of national defense. By decades it has grown to $9 billion in 1940, to $40 billion in 1950, to $80 billion in 1960, and it is headed toward another massive increase by 1970. The next administrative budget will approach $100 billion, and the total of spending in the budget and trust funds will be close to $125 billion next year. Government spending is compulsory spending, and the more it increases, the less is left in freedom of choice for the individual.

2. The federal government continues to grow, as new agencies, programs, and personnel are added in proliferation. Civilian employees have increased more than fourfold from 592,000 in 1930 to 2,538,000 at the end of the next budget year.

3. The interest-bearing national debt has grown in peace and war from $16 billion in 1930 to $300 billion now, and it is certain to continue upward. Interest on this debt is now nearly $10 billion a year, more than the entire budget in 1940 and equal to 10¢ out of every dollar of taxes collected. This persistent growth in debt is a direct reversal of the philosophy of our government in the first 140 years of its existence, when the goal was to become debt-free.

4. We have mortgaged the future to an incredible degree. If you add to the interest-bearing debt (a) our unfunded liabilities for past services of government employees and war veterans, (b) our legislated contracts and commitments for future spending beyond current costs of defense, welfare, and government, and (c) the actuarial deficiency in our social security system that must be collected through future tax increases already scheduled in the law, the total of our government's liabilities and commitments is well over $1 trillion. This "gov-

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ernment-by-credit card" has imposed a present mortgage on the future of our people equal to $22,000 per family of four.

5. Despite new fancy theories of balancing the budget over the cycles, we have gone in the red 26 times in the last 32 years and have paid our bills without borrowing only six times. The policies of the present administration, unless abruptly changed, are likely to produce four consecutive deficits.

6. A large part of the increase in federal spending and debt is the result of a massive assumption of responsibility by the government for cradle-to-grave welfare, in many cases, without a test of need and at the disdain of the virtues of personal thrift and self-reliance. This has created an accelerating centralization of power in Washington, a lessening of control and influence back home, and a decline in personal responsibility and morality. And the course has not been run, because more and more ideas for government intervention in our lives sprout daily.

7. Our gold supply has been heavily depleted in recent years and is still under threat. The cause is our unfavorable balance of payments: our overseas outgo for imports, services, travel, investments, foreign aid, and military purposes regularly run higher than our income from other countries. Our gold is now down from $24 billion to $16½ billion, of which all but $4 billion is needed to back our currency. Short-term foreign claims that can be asserted against this $4 billion are now $18 billion. And the balance of payments continues to run adverse at between $2½ and $4 billion a year. As banker to the world, we are not running a good bank.

8. National wage policies have recognized a political balance of power in favor of labor. For some years wage increases have outrun increases in productivity. Industry has been at fault, too; in some cases it has failed to exert the efforts needed to reduce costs and hold down prices. The result of both has been a price structure that has contributed to a cost-push inflation and to our difficulties of meeting competition in world markets.

9. Our cost of living has advanced significantly, as inflationary policies in both the public and private sectors have exacted their price. It is still moving upward, slowly at the moment, and our dollar of 1940 is now worth 47 cents. It would be a fatal mistake to believe that drastic inflation couldn't happen here. Our fiscal policies are an open invitation to a crisis for the dollar. ◈

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FRIEND BATTLES FRIEND

The following editorial from the INGERSOLLetter *of June 1962, published by The Ingersoll Milling Machine Company of Rockford, Illinois, refers to a local situation. But it might happen anywhere.*

THINK of a good friend of yours – one you might ride to work with, eat lunch with, go fishing with. What would it take to get you to fire a shotgun through his front window? Or to sneak into his garage after he has gone to bed and dump paint all over his new car?

You may think you couldn't treat a good friend this way, yet others have actually come to act toward their friends in this strange and uncivilized manner.

You certainly wouldn't believe you could be led to do such things because you and your friend disagreed over the terms and conditions of your employment. Most people wouldn't think of that as a reason for abandoning friendship.

Let's say, nevertheless, that you disagree with your friend as to whether you both should go to work at a particular place under certain specified conditions of employment. Your friend wants to work. You don't.

Would you just stay home and let your friend make his own free choice? You very well might, unless it so happened that a third party had come between you – someone who specializes in stirring up trouble and turning friend against friend. This is the kind of situation in which sufficient encouragement by such specialists can easily lead to violence and wanton destruction of private property.

If you think, "It could never happen to me; I wouldn't be that kind," you're probably right . . . but then, you might be surprised. Of course, just the two of you – you and your friend – could settle almost any kind of difference that might come along, with no need

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for violence. But with a little "help" from the outside, from these specialists, it's surprising how friend can be turned against friend and made to do the most awful things.

Not far from The Ingersoll Milling Machine Company, not far from the place where you sit down with this friend of yours and eat your sandwich, not far from the roads where the two of you drive back and forth to work together, there are men who are committing the most wanton acts of violence and destruction against their friends.

The place is the Mattison Machine Works.

The people are men just like you and your friend, and the things friend has done to friend include crimes more like what you'd expect in a Cuban revolution.

Paint bombs have been thrown, windows shot out of automobiles with a rifle. A window was blasted by a shotgun with sufficient force to cause portions of the glass to slice the scalp of a woman sitting in her home.

Four men called on a woman 60 years old who had suffered a heart attack and frightened her so badly that it was no longer possible for her son to leave her to continue working to make their living. Tires slashed with knives, or punctured with nails strewn in the road; cars with the rear view mirrors torn off, or with paint scratched from end to end by nails held in the hands of men standing at the parking lot gate.

All these shocking acts are on the record. They have been perpetrated here in our own community, by friend against friend, by neighbor against neighbor. They have demonstrated the startling extent of men's capacity for inhumanity toward other men.

The record itself is a sorry one, but more shocking than all these acts of violence is the fact that with these things going on right here in our own city, the Rockford community as a whole approves of them by its silence.

If a group of boys on the way home from a weekend at the lakes fired a rifle into a school or store window, the story would be all over the front page and everyone would be talking about juvenile delinquency and what to do about the teen-age problem. Yet, when the offenders are adults involved in a disagreement over employment conditions, most leaders of the community say nothing.

Clergymen who wax eloquent on the subject of man's inhumanity to man in Laos or Cambodia sweep this disgrace of our own community under the rug of silence, although there has been complete

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disregard for the private property and safety of other people – the basis on which our society was founded.

It is no excuse to say, "This is a job for the police," for the police are doing their best. But the police are always hard put to enforce any law when its violation seems to have community approval.

And what is the issue that causes some men to treat others this way? It's a very simple disagreement. One man says, I want to go to work today. His friend says, I don't want you to go to work today, and I will do anything within my power to prevent you, including endangering your life and the lives of your loved ones.

True, most of us would never reach this state of mind alone. We would need encouragement and constant prodding by professional antagonizers.

But it has happened, is happening, in our town, among people we know; and the best way to avoid it is to avoid the people who traffic in destroying friendships . . . the only people who have anything to gain by it. ◈

No Special Favors

MARTIN VAN BUREN

THOSE who look to the action of this Government for specific aid to the citizen to relieve embarrassments arising from losses by revulsions in commerce and credit lose sight of the ends for which it was created and the powers with which it is clothed. It was established to give security to us all in our lawful and honorable pursuits, under the lasting safeguard of republican institutions. It was not intended to confer special favors on individuals or on any classes of them, to create systems of agriculture, manufactures, or trade, or to engage in them either separately or in connection with individual citizens or organized

This is an excerpt from President Van Buren's special message to Congress of September 4, 1837. He had called a special session of Congress in consequence of the Panic of that year and the subsequent business depression. He was urged to enter upon government regulation and control in view of the "emergency." His reply speaks eloquently for itself. Excerpt taken from James D. Richardson, *Messages and Papers of the Presidents* (New York, 1897), IV, 1561-62.

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associations. If its operations were to be directed for the benefit of any one class, equivalent favors must in justice be extended to the rest, and the attempt to bestow such favors with an equal hand, or even to select those who should most deserve them, would never be successful.

All communities are apt to look to government for too much. Even in our own country, where its powers and duties are so strictly limited, we are prone to do so, especially at periods of sudden embarrassment and distress. But this ought not to be. The framers of our excellent Constitution and the people who approved it with calm and sagacious deliberation acted at the time on a sounder principle. They wisely judged that the less government interferes with private pursuits the better for the general prosperity. It is not its legitimate object to make men rich or to repair by direct grants of money or legislation in favor of particular pursuits losses not incurred in the public service. This would be substantially to use the property of some for the benefit of others. But its real duty — that duty the performance of which makes a good government the most precious of human blessings — is to enact and enforce a system of general laws commensurate with, but not exceeding, the objects of its establishment, and to leave every citizen and every interest to reap under its benign protection the rewards of virtue, industry, and prudence.

I can not doubt that on this as on all similar occasions the Federal Government will find its agency most conducive to the security and happiness of the people when limited to the exercise of its conceded powers. In never assuming, even for a well-meant object, such powers as were not designed to be conferred upon it, we shall in reality do most for the general welfare. To avoid every unnecessary interference with the pursuits of the citizen will result in more benefit than to adopt measures which could only assist limited interests, and are eagerly, but perhaps naturally, sought for under the pressure of temporary circumstances. If, therefore, I refrain from suggesting to Congress any specific plan for regulating the exchanges of the country, relieving mercantile embarrassments, or interfering with the ordinary operations of foreign or domestic commerce, it is from a conviction that such measures are not within the constitutional province of the General Government, and that their adoption would not promote the real and permanent welfare of those they might be designed to aid. ◈

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RICH NATIONS AND THE POOR

BARBARA WARD, of *The Economist* of London, is a personable young lady who commands a pleasant prose style. But whenever she tackles an economic subject, she persists in putting the cart before the horse.

Her latest book, *The Rich Nations and the Poor Nations* (Norton, $3.75), is eloquent and, up to a point, quite persuasive. Though she tinctures her writing with the spirit of Shakespeare's Portia ("the quality of mercy is not strained"), her primary appeal is to the self-interest of the "rich nations" which cluster around the North Atlantic Ocean. Her argument is that the wealthier countries must do something for the "proletarian" nations of the Orient and the African and American tropics if only to keep the communists from exploiting the envious anger of those who look upon themselves as the down-trodden.

In asking the "West" to put up "one per cent of national income" as a fund for bringing the "poor nations" to the "take-off place" presumably leading to the creation of at least a minimum of abundance, Miss Ward does, of course, talk a lot about the appeal to "mind and spirit" and "resources of faith and vision." But she prefaces her succession of Portia-like speeches with the statement that "to me, one of the most vivid proofs that there is a moral governance in the universe is the fact that when men or governments work intelligently and far-sightedly for the good of others, they achieve their own prosperity, too."

Well, how can you be against Portia when, to the "quality of mercy," the lady also adds the appeal of the profit motive? All this and 6 per cent, too! The answer, in the particular instance of Barbara Ward, is that she doesn't really know what it takes to work "far-sightedly for the good of others." She knows the words without really knowing the tune.

Miss Ward's main trouble is that she leaves out of account the concept of the inalienable rights

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of the individual. On page 155 of her book, four pages from the end, she does finally get around to mentioning "freedom." But this comes as an afterthought, as applied to individuals in the "proletarian" nations.

One of Miss Ward's earlier books was titled *Five Ideas That Change the World.* In *The Rich Nations and the Poor Nations,* still addicted to the numbers game, Miss Ward speaks of the "four revolutions" that are altering our environment and the way we live. The "first revolution" is that of "equality" – "equality of men and equality of nations." The "second revolution" concerns "the idea of progress," an emphasis on the "here and now," the "this-worldiness" of wanting goods and opportunities. (Adlai Stevenson's phrase for it is "the revolution of rising expectations.") The "third revolution" is the "biological revolution," sometimes called the population explosion, a two-edged phenomenon that can create both markets and misery. And, finally, there is the "fourth revolution" deriving from the "application of science and saving – or capital – to all the economic processes of life."

Miss Ward argues that the four revolutions, taken together, have produced "the mutation of a quite new kind of society: the wealthy or affluent society." And she insists that the proletarian nations of Asia, Africa, and the American tropics will turn to communism to achieve the "mutation" if the West does not help them to get it.

A Question of Privilege

Before offering her own blueprint for aid, Miss Ward gives us a good deal of back history, both of the development of the communist idea and of the Western retreat from colonialism. Though much of this history is unexceptionable, her phraseology, for all of its graciousness, occasionally sets the teeth on edge. She uses the latter-day economic gabble about "take-off" and "infrastructure," which are the clichés of the new "sophistication." And she talks of the North Atlantic cluster as the "privileged nations," which must mean, if it means anything, that such things as the steam engine and the Bessemer process and the atomic pile and the discovery of antibiotics are to be classified as gifts from a rich uncle, not as the end-products of decades and even centuries of patient experimentation and work.

The truth is that the West scrabbled for every inch of its success as Miss Ward herself recognizes on page 39 of her book when she remarks that "for over a thousand years, one of the great

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drives in the Western economy was to open trade with the *wealthier* East." (The italics are ours – and in the margin of Miss Ward's book we note our own scribbled notation, "the 'privileged' West, my foot!") As Miss Ward says, "one of the problems facing [East-West] trade was the West's inability to provide very much in return." So it seems that it was the East that was "privileged" – and that the West had to work like the devil to make things that were worthy of barter before it could trade at all.

Discovery of the Individual

In its effort to transcend the conditions of life in the "cold and uncomfortable" regions around the North Atlantic, the West got nowhere until it discovered the primacy of the individual. This is what Miss Ward leaves totally out of account for 155 pages of her 159-page book. The revolution of the individual and the accompanying development of the philosophy of freedom created the aspiration to "equality" and gave rise to the idea of the possibility of progress. It also set men to tinkering and to scientific research. Assured by the new Lockean revolution that the rights to property would be respected by governments, men started to save. And, sparked by savings, capitalism flourished – and the "wealthy or affluent society" came into being.

What has happened in recent years is that the newly emergent nations see the end results of the revolution of the individual without grasping the importance of the unique dynamism that originally set everything in motion. A Castro, a Mao Tse-tung, thinking that the results can be had without ascertaining the true cause, plunge blindly ahead, confiscating individual capital, telling scientists that they are wards of the superstate, and treating personal "equality" as the right to an equal share in misery, not as title to equal respect for one's inalienable rights before the law. And instead of breaking out of the circle of the "have-nots," Cuba and China become far more miserable than they had ever been under "colonial" and "bourgeois" and "imperial" dispensations.

As for Communist Russia itself, it has had to liquidate three million kulaks, accept four years of lend-lease from the West, and confiscate the rocket technology of the Germans in order to create the basis for its contemporary military might. This military might looms large to Poles, Hungarians, Chinese – and to many in the still "uncommitted" and "neutral" countries. But to feed the men in the Russian munitions industry

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and in the armed forces, half the Russian population must remain chained to the hoe and the plow. Such a waste of manpower is hardly a happy augury for sustained offensive effort in any long war with nations that feed themselves by giving a mere 8 or 10 per cent of their human energy to the raising of crops.

The Conditions for Progress Must Come First

In a backhanded way Miss Ward knows that behind the affluent society there is considerably more than the idea of "equality" and the development of science and the constructive augmentation of the birthrate to expand local markets. She speaks of the British gift to India as including "the development of modern commercial law, the notion of contract, a new sense of security for property, a new belief that if the merchant sets to work to develop, accumulate, and invest, his wealth should be secure."

Exactly! But this, like the casual introduction of the idea of individual freedom, comes as an afterthought. Instead of preaching to the "proletarian" nations the need to develop a middle class that doesn't have to kowtow to a state which owns the "commanding heights" of industry, Miss Ward acquiesces in all the old Fabian nonsense that economic "input" might just as well be left to the hands of a government bureaucracy.

Strangely enough, the antidote to Miss Ward's way of thinking is to be found in John Kenneth Galbraith's most recent book, *Economic Development in Perspective* (Harvard, $2.50). Before going out to India as President Kennedy's Ambassador, Professor Galbraith was known as a proponent of such things as price-fixing and the glorification of the "public sector" of the economy. But to the Indians Galbraith has urged the virtues of letting the corporation grow "under conditions of liberty." The "corporate personality," says Galbraith, is "damaged by both well-intentioned and ill-intentioned intervention. *There is little to choose between the two.*" (The italics are ours, occasioned by our extreme surprise to find such a sentence in a Galbraith book.)

As for aid to "undeveloped" nations, Galbraith argues that it is useless to pump capital into regions that lack honest standards of government and literate populations. India herself, as a result of administrative and entrepreneurial talent inherited from the period of British "oppression," may be ready to use capital. Even so, Galbraith warns the Indians

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that the danger of accepting capital from abroad is that it "can be a substitute for earning from abroad." Galbraith concludes this portion of his lecture by urging the Indians to emulate the early twentieth century Japanese in building an export industry for selling goods to "high-cost, high-living" nations.

All of this represents a "new Galbraith." What we now need is a "new Barbara Ward." ◈

▸ AFRICAN GENESIS, by Robert Ardrey. New York: Atheneum Publishers. 380 pp. $6.95.

Reviewed by Edmund A. Opitz.

THIS BOOK IS, first of all, an interesting yarn which, before the story is told, has undermined the major premises of collectivism and utopianism. The author, a dramatist, has spent some years and traveled thousands of miles trying to unravel the mysteries of our creaturehood in terms of the new field knowledge of animal behavior and especially in the light of recent African archeological finds of Raymond A. Dart and others.

Were Dart's discoveries and researches to be accepted by his fellow scientists, revisions of currently cherished scientific theories would be in order. But scientists are human, after all, and once they have made up their minds, they dislike unsettling evidence. Dart's evidence is unsettling, and not to anthropologists alone, but to political scientists and economists as well – to all who are trying to figure out what it means to be a human being. Ardrey is a champion of Dart's work and assembles the evidence so as to make out a cogent case – at least in a layman's eyes.

Secondly, and by derivation, this book is an attack on The Romantic Fallacy, written with evangelistic zeal. The Romantic Fallacy is the set of assumptions common to virtually the whole spectrum of social thought since the eighteenth century, from Classic Liberalism to Marxism. The assumption is that man is an innocent, benevolent, and rational animal who has been corrupted by his institutions. All that needs doing, therefore, is external and social. Change man's environment and, as his circumstances improve, a nobler race will emerge, shedding the relics of the ages of barbarism. Men will be as gods on Olympus; no more war, no more crime, no more poverty – onward and upward forever! Ardrey destroys this thesis and, in so doing, restores Original Sin with a vengeance. In his hands, however, the concept has no religious overtones.

This book surveys recent studies of bird and animal behavior in the

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wild, and finds – as might have been anticipated – that studies of these same creatures in zoo and laboratory convey misleading impressions. Deeply rooted patterns of behavior include a pecking order among birds and a leadership spectrum among animals. Birds and animals have a strongly developed sense of territory, of exercising domain over a given spot of the earth's surface; and they have a rudimentary sense of ownership as it pertains to things. They are pugnacious in defending their society and their own place therein.

Urging that man is linked to lower forms of life and has the same basic instincts deep within him, Ardrey argues that neither human beings nor their societies can depart far from the basic pattern of all life. The ineradicable pattern of human society will be a social structure characterized by hierarchy, nationalism, and property; the basic virtues will be martial. Cooperative and ethical behavior stem from "our innate necessity for society as a means of primitive survival," but ethics and cooperation halt at the national boundary; war is the natural mode of expression when dealing with those beyond. "The primate has instincts demanding the maintenance and defence of territories; an attitude of perpetual hostility for the territorial neighbor . . ." Pushing the evidence pretty hard, Ardrey concludes that we are children of Cain, murderous by original nature and inclined to bellicosity by latent instincts. Man is "a predator with an instinct to kill and a genetic cultural affinity for the weapon," the weapon is mankind's "most significant cultural endowment," are typical reiterated statements.

It is combat that has made us, asserts Mr. Ardrey, and "no conditioning force can eradicate our genetic affinity for the weapon." Not war, but the elimination of warfare would undo us, opening up "a nightmare of unpredictables." We may mouth the phrases of peace, "yet war has been the most natural mode of human expression since the beginning of human history, and the improvement of the weapon has been man's principle preoccupation since Bed Two in the Olduvia Gorge. What happens to a species denied in the future its principal means of expression, and its only means, in the last appeal, of resolving differences? What will happen to a species that has dedicated its chief energy to the improvement and contest of the weapon, and that now arrives at the end of the road where further improvement and contest is impossible?" As Mr. Ardrey sees the

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matter, without involvement in warfare, man will go to seed.

One gets the impression that Mr. Ardrey feels he must shout to gain attention, and overstate his case in order to clinch it. This is unfortunate, for it may tend to obscure the many merits of the book, both scientific and sociological. Mr. Ardrey attacks The Romantic Fallacy with such vigor that he overshoots the mark and falls into another error, The Genetic Fallacy.

The Genetic Fallacy is the assumption that the final flowering of a thing may be fully accounted for in terms of its first manifestation; that there is nothing in the fruits which wasn't in the roots; that the mature form is discredited by its embryonic origins; that the lesser explains the greater; that a thing is understood when it is broken down into its constituent parts. Ardrey assumes that man's immediate ancestor was a murderous ape, and then further assumes that twentieth century men, egged on by our kinship with all life, have an irresistible itch in the blood to behave in like fashion.

If the origins of contemporary behavior run this deep, then, by the same reasoning, the widespread acceptance of The Romantic Fallacy argues that it, too, corresponds to something deep and ineradicable in man. If so, man is not just a murderous ape, but an immensely adaptable creature with a wide range of possible "natural" behaviors. He loves to bamboozle and swindle himself, now by calling up visions of himself as little lower than the angels, and now by posing as a pretty tough hombre. Primitive men *were* pretty tough, and so were our ancestors on the frontier a scant century ago. Real history is not for the squeamish. But primitive man was also – and this is important if we wish to keep the picture in focus – an artist, a worshiper, an inventor, and the domesticator of the only animals and plants commonly seen today. He had to be handy with a club in order to survive, but the house dog and cat were not retrieved from their wild state with a club, but by using kindness and patience and a kind of empathy we seem to lack.

Finally, as to the book's paean to Mars, it is true that there is an innate bellicosity in man, and a will to power which never sleeps. But modern war is about as far from this as the rudimentary number sense of the savage is from differential calculus. There is a connection, but it requires immense labor and sophistication to hook it up. And, then, having arrived at war, it is wrong to assume that war is merely war,

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period. War is an instrument with certain characteristics. It is an apt instrument, one may plausibly argue, for attaining such ends as land and loot, or to defend territory. But war for the sake of ends unattainable by its means is madness of the worst sort; that is to say, war to make the world safe for democracy, or to establish brotherhood, or to eliminate aggressor nations, or to achieve "full employment." Ardrey's attack on pacifism would be more cogent if he had spent more time with such military theorists as J. F. C. Fuller, Hoffman Nickerson, and B. H. Liddell-Hart.

▶ MONEY AND MAN, by Elgin Groseclose. New York: Frederick Ungar Publishing Co. 307 pp. $5.00 cloth, $1.75 paper.

Reviewed by Percy L. Greaves, Jr.

THE HIGH living standards of a modern society require a reasonably sound money to facilitate the millions of transactions needed to bring myriads of goods and services to the great masses of consumers.

Adulterate the money supply of such a society and, *sooner or later*, its industries will grind to a halt – until the impurities in the money supply are reduced, concealed, or removed. This is elementary. Yet, how many can detect modern methods of tampering with the integrity of the monetary unit? The late Lord Keynes has said, "not one man in a million."

Good books on money are scarce. *Money and Man* is not the perfect book on money. It is, however, a far better book than hosts of more popular ones on the subject. Dr. Groseclose has put his finger on the monetary debauchery that threatens to send our civilization back to the days of barter. His proposed solution may be moot, but he has spotlighted the cancer that has long been developing within our market system at an ever accelerating rate. He sounds the danger signals, yet how many will read or listen?

As the author writes, no new law will save the situation, "so long as the attitude of the great mass of the people toward money remains as it is." Our difficulties lie in the general acceptance of such economic fallacies as: (1) "An abundant currency would of itself bring prosperity." (2) With increasing production, more money is needed for "maintaining a stable price level." (3) "A state must have a certain quantity of money proportioned to the number of its people." (4) "You can alleviate the burdens of a people . . . by 'pumping' credit into the banking structure by way of the Federal Reserve System." (5) In-

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ternational "economy in the use of gold" can be achieved by the "gold exchange standard," whereby "an actual gold reserve of less than $50,000 in the Federal Reserve Bank of New York" can be built by foreign commercial banks into "a deposit structure of $10,000,000 to $12,000,000."

The resulting attempts to expand the money supply and make credit easier and cheaper are "like relieving anemia by the medieval process of bloodletting." They might kill the patient.

Dr. Groseclose traces the history of illusory monetary solutions to man's ever-present demands for more wealth. Too many of the early pages are devoted to the days of antiquity and the Middle Ages. Those pages are not important to our present-day problems and make for dull reading that may keep some readers from reaching the meat of the book. However, when he deals with "The Emergence of Credit," "The Rise of Bank Money," and "The Inflationary Age," he is performing a valuable service for the present generation.

The author constantly refers to what he calls "the money mechanism." This is unfortunate, for there is nothing mechanical about money, unless it is the printing presses that can reduce its value to that of wallpaper. The creation of money, as well as its use and value, are all results of man's mental understanding. As such, they are subject to instant and constant change. There is nothing mechanical about the workings of the human mind. New ideas and information could soon change the present creation of money, as well as its use and value in the market place.

Dr. Groseclose has properly exposed the perils of basing a money on the fluctuating market values of paper titles to various forms of wealth. However, he has let his antipathy to a manipulated credit expansion extend to all debts, even those that shift savings to persons who can use them more profitably. He fears the need for money to pay interest. The book also reflects an aversion to speculation, the very essence of all human action and even life itself.

The book does blast the basic monetary boners of our age, so perhaps we may overlook its incidental faults. The author has seen through much of the fog that beclouds our civilization, so perhaps we can also forgive his reference to socialists as "scholars and statesmen" and his mention of interventionists as a "school of economists." Readers of this book should gain a better understanding of our economic problem number one – MONEY.

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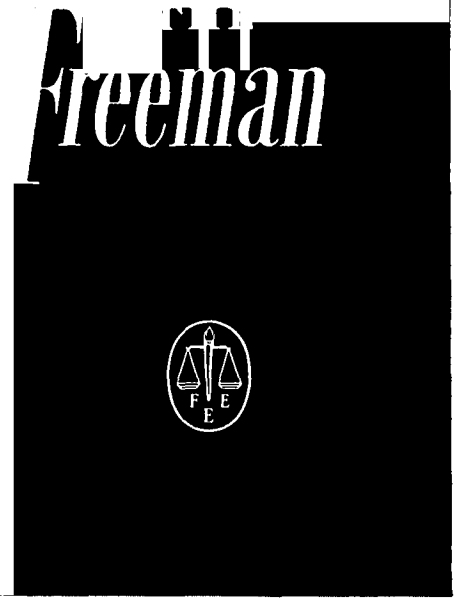

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GABRIEL HAUGE, Vice-Chairman of the Board, Manufacturers Hanover Trust Company. From an address before the Rubber Manufacturers Association, Inc., November 16, 1961.

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